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Crisis in Asia and GM Strike Slow U.S. Output

By John M. Berry Washington Post Service

WASHINGTON - Industrial production in the United States fell in June at its steepest rate in five years, slowed by Asia's economic crisis and the strike at General Motors Corp., the Federal Reserve reported Thursday.

The fresh figures confirmed the growing view of analysts that the U.S. economy has stalled in the past three months, perhaps even contracted, as American businesses trimmed output largely because of the

Industrial production fell 0.6 percent in June, equivalent to a decline in May 1993, the Federal

Reserve reported. There has not been a more pre-cipitous drop since the index fell 0.9 percent in March 1991, the last month of the 1990-1991 recession. While most of the decline was attributed to an 11

percent dropoff in automotive output, linked in large

Banks rush to lend. • The European auto industry to be hurt by Asian crisis. Page 13.

part to the deepening strike at GM, the overall drop in industrial production was larger than economists had expected, and it was certainly greater than had been anticipated from the GM strike alone. This appeared to confirm the view that the falloff in demand for U.S.

exports to Asia is increasingly applying brakes to the U.S. economy, which grew at a torrid 5.4 percent rate

Even outside the automobile sector, growth of industrial output was feeble, the Fed reported. Production at factories other than automobile, trucks and parts plants rose just 0.1 percent in June following a 0.1 percent decline in May. Utility output increased 0.4 percent last month while production at mines and oil wells fall 2 percent. wells fell 2 percent.

On Wednesday, the Commerce Department re-ported that business inventories had fallen slightly, by 0.1 percent, in May. That contrasted dramatically

See ECONOMY, Page 12

Agents Lose

Bid to Avoid

WASHINGTON — The U.S. Court of Appeals refused Thursday to recon-

officers to testify in the Monica Lew-

insky investigation but gave the ad-ministration until noon Friday to appeal

Department, the full appeals court said not one of its 11 judges wanted to re-

consider the earlier decision by a three-

three-jodge panel issued an emergency

order stopping President Bill Clinton's

chief bodyguard and eight other Secret

Service officers from testifying until the

case, the Justice Department quickly exercised its last recourse; an appeal to

Once the court declined to take the

The administration immediately

asked Chief Justice William Rehnquist

to intervene to block the testimony and

to take the case when the high court

The Justice Department had made a

mad dash from the District Court to the

See AGENTS, Page 3

full court made its decision.

returns to work in October.

the Supreme Court

The ruling came just hours after the

Sending a strong signal to the Justice

Testifying

to the Supreme Court.

Chinese Dissidents Launch Campaign To Back New Party

Beijing Orders War on Smugglers

Bold Open Letter

By Seth Faison

BEUING — After years of tolerating a steady growth of lawlessness at their borders, China's leaders announced a war on smuggling Thursday.

In a sharp indictment of how corrupt and ineffectual Chinese customs officials have become, the leaders announced that a new ann-smnggling po-lice force would be created. President Jiang Zemin, addressing an extraordinary meeting of the nation's top leaders. outlined the smuggling crisis in a way that underlined how existing border guards have simply become unwilling. or unable, to perform their joh.

sider a decision ordering Secret Service One of the main reasons the smuging situation has become so desperate, Mr. Jiang pointed out, is that many of the worst offenders are Communist Party officials and People's Liberation Army officers.

It was the first time that any top Chinese official had publicly referred to the extensive role that China's military plays in smuggling.

China is confronted by rampant smuggling that involves the participation of some party, government and army organizations, as well as judicial and law enforcement departments," Mr. Jiang said.

Although the true volume of smuggled goods into China is unmeasurable, officials and businessmen estimate that it has reached tens of hillions of dollars worth of goods each year. The main contraband is not drugs or illegal arms, but rather high-end goods that face such onerous import duties that it pays to bribe customs officers or pay off army transport officials so that ship-

ments can escape scrutiny at a border.
Cigarenes, gold, and automobiles
were among the heavily smuggled items
cited at the meeting. Yet a wide range of industrial and consumer items like telecommunications equipment, diesel oil and chemicals are also smuggled in enormous quantities.

Even cigarettes that are produced within China are a major item for smugglers. To avoid domestic taxes, many cigarette makers export more than half their product, only to smuggle the cig-

arettes back into China.

With smuggling so rampant, and so deeply entrenched in the interests of powerful authorities, it is not clear how effective Beijing's new campaign will be. The size and scope of the new police force was kept vague and, critically, its new head was left identified.

In the first five months of this year, Chinese customs officers confiscated \$350 million of smuggled goods, a fraction of the overall volume. In an official report published this week, customs officers blamed local officials who often

See SMUGGLE, Page 12

Challenges Arrests

By Michael Laris

BEIJING - In a bold challenge to the Communist Party's commitment to legal reform, 79 Chinese dissidents from 19 provinces and cities have signed their names to an open letter, disclosed Thursday, that called for the release of five dissidents who were arrested over the last week for trying to openly register a new political party.

Instead of retreating, many of those who signed the open letter say they have been emboldened by the arrests, and are using this opportunity to lay the legal and theoretical framework for a stronger political opposition in China. They have also begun to organize nationwide legal assistance for the detained men.

Lin Hui, the last of the three named founders of the China Democratic Party, was arrested Wednesday morning after three days of avoiding police in the eastern city of Hangzhou.

"It's not like before, when it was 'one soldier swimming alone," said Xu Wenli, one of the organizers of the aid efforts and a longtime Chinese dissident. "Now we go out and do this together."
He said, "We've increased our openoess and our transparency, and have gotten rid of the mysteriousness. In a situation where the phone is bugged, it's also less mysterious for them. They can relax a bit. If you are secret, they get scared."

The dissidents are exploiting a rare moment in recent Chinese history. President Jiang Zemin has consolidated power, and has given indications over the last six months that his government may be more tolerant of freedom of expression than before. The dissidents also know that Mr. Jiang has staked enormous political capital on improving relations with the United States, and thus are testing Beijing's commitment to reform following President Bill Clinton's recent trip.

"It's a put-yout-money-where-yout-mouth-is challenge to the tegime, which has been talking about the rule of law," said Andrew Nathan, a Columbia University political science professor and expert on modern Chinese dissent. "Responding in a heavy-handed manner in the afterglow of the Clinton visit would be very costly" for the Chinese gov-

Although dissidents have penned perhaps a dozen open letters in tecent weeks, the one released Thursday was notable both for the large number of signatories, and for the fearless tone of many of those who took part.

'In my life, I've been arrested more than 10 times, for 11 years," said Oin Yongming, a Wuhan-based dissident and signatory of Thursday's petition who has faxed 139 issues of "Human Rights Investigations," China's first

See DISSENT, Page 12

Tour Coach Suspended Over Drugs By Samuel Abt International Herald Tribun

CHATEAUROUX, France -Seeking to keep a drug scandal from swamping the Tour de France, the international governing body of bicycle racing announced Thursday that it had suspended the coach of the Festina team, which is ranked first in the sport.
The coach, Bruno Roussel, a 41-

year-old Frenchman, was taken in-to police custody late Wednesday after a few hours of questioning in the town of Cholet, where the three-week race completed its fourth

daily stage.

Also being held is the team's doctor, Eric Ryckaert, 52, a Bel-

They were not formally arrested or charged but can be held for 96 hours and are expected to be transferred to the northern city of Lille, where the drug case is being investigated, for further questioning.

This affair has shaken the confidence of the public and disturbed the riders," said Jean Marie Leb-lanc, director of the Tour, at a news conference Thursday as the suspension was announced.

"We hope that from this mo-ment, sport will return to its rightful priority in the Tour," Leblanc

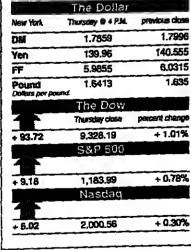
At his side was Martin Bruin, the race's chief commissaire, or judge, representing the International Cycling Union, which suspended Rous-"That means for the time being," Bruin explained. "Other than that, the official comment is that there is no comment."

The International Cycling Union, which is universally known as the UCI from its initials in French, the language of professional cycling, said it suspended Roussel because he failed to respond in writing by Tuesday afternoon to questions it had raised.

Those questions concerned the arrest last week of a Festina soigneur - a masseur, gofer and confidant of the riders and often their unofficial doctor - at the French-Belgian border in an official Tour de France team car full of

performance-enhancing drugs.
The soignenr, Willy Voer, 53, a
Belgian, reportedly first told the French police that the drugs were for his personal use and then that he was taking them, under team or-ders, to the Festina doctor in Dub-

See TOUR, Page 12



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Larry Cockell, center, the head of Mr. Clinton's security detail, leaving court on Thursday after getting a temporary reprieve from testifying.

World Bank Discovers Possible Fraud

Employees Suspended Amid Suspicion of Kickbacks and Embezzlement

By Lorraide Adams

WASHINGTON - The World Bank has hired ontside auditors to investigate expenditures from its annual \$25 hillion fund for development projects after an internal examination uncovered "alarming information" about possible kickbacks and embezzlement, according to bank officials.

The World Bank president, James Wolfensohn, acknowledged Wednesday that within the past two months be had set up a special internal fraud team and hired the accounting firm Price Waterhouse Coopers and two other outside fraud specialists.

on the special investigation. Three midlevel employees have been notified that they are under suspicion and have been suspended, bank officials said.

Mr. Wolfensohn said the investigations were triggered by his decision that "if the bank were going to campaign against corruption in our borrowing countries, we had to be absolutely certain that we held ourselves to the highest standards on the inside."

Projects that have come under scru-

tiny include World Bank-financed ef-"I am in constant personal contact with the group," Mr. Wolfensohn said. A Treasury Department official said the Clinton administration holding to a senior bank official who spoke on the condition of anonymity. It was unclear whether concerns about those projects centered on bank personnel supervising the work or on the private contractors involved.

One phase of the investigation, according to a statement from Mr. Wolfensohn, has led to a civil lawsuit in U.S. District Court against a former bank official, Fritz Rodriguez. The lawsuit seeks to recover "tens of thousands" of dollars in alleged kickbacks that the bank

See BANK, Page 12

AGENDA

60 Nations Reject Limits on War Tribunal ROME (Renters) - Some 60 de- draft statute of the planned Interna-

mocracies rejected a plan Thursday that would have allowed the United States and other nations to opt out of the jurisdiction of an international war crimes court. Publication of a final

Downgrade on China

NEW YORK (AFP) - Standard & Poor's Corp. on Thursday reduced its ontlook on China's long-term foreign-currency sovereign credit rating from stable to negative.

The agency said the change in as-sessment reflected the potential for rising budget costs of industrial and financial-sector reform programs because of lower growth prospects.

Books .. Page 9. Crossword. Pages 8-9 ... Pages 22-23. Sports ...

tional Criminal Court was delayed amid frantic lobbying ahead of a Friday midnight deadline.

Delegates from Europe, Asia and the Third World overwhelmingly rejected an "opt-out" proposal for crimes against humanity and war crimes. The plan was presented by the Japanese delegate, Hishashi Owada, who has been acting as a mediator between the majority and the United States, Russia, China and France.

Warning on Missiles

Iran and North Korea could develop weapons capable of striking the United States sooner than intelligence analysts have predicted, according to a bipartisan Commission to Assess the Ballistic Threat to the United States. Some congressional Republicans quickly seized on the report as justification for a national missile defense system. Page 3.



CZAR'S RETURN — Soldiers in St. Petersburg carrying the coffin of Nicholas II on Thursday. President Yeltsin will attend the rites. Page 5.

Ending Resistance, House Republicans Move Toward Funds for IMF

By Katharine Q. Seelye New York Tones Service

SOS - Samuel Morse, inventor of

the code whose dots-dashes have

been overtaken by satellite. Page 5.

WASHINGTON - House Republicans have taken a crucial step toward approving full fi-nancing of the International Monetary Fund, signaling a willingness to reverse their opposition to the agency out of concern that the economic crises

overseas might spread to the United States. Hours before a House panel voted \$3.5 billion for the agency, far below the \$17.9 billion requested by the Clinton administration, Representative Dick Armey, Republican of Texas, the majority leader and a harsh foe of the IMF, virtually knowledged the growing concerns last month

conceded the fight.
"In the end, I suppose they will probably get about as much money as they're looking for," Mr. Armey said Wednesday in a speech to the U.S. Chamber of Commerce.

House conservatives have been suspicious of the agency's lending practices and critical of recent loans to prop up Russia and bail out Asia. But with the Asian financial crisis deepening and threat-ening U.S. agricultural exports, Wall Street's anxiety is rising and building pressure on House Re-publicans to drop their objections to the agency. The speaker of the House, Newt Gingrich, ac-

when he noted, "A lot of members who were wavering last fall now realize that it's very important for us to pass this."

Other top Republicans concurred privately with Mr. Armey on Wednesday, while predicting a loud fight when the issue goes to the full Appropriations Committee and then to the House floor later this summer. And some conservatives are still threat-ening to attach provisions that would restrict funds for family planning efforts overseas — a measure that President Bill Clinton opposes.

The Senate approved the full amount in March.

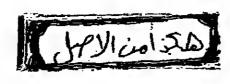
The Clinton administration termed the House's response a piecemeal approach.

"It is time for this Congress to get serious and stop fooling around." Michael McCurry, the White House spokesman, said Tuesday.

"This is just back to close-down-the-government time, you know, and they play these games. and there is serious work to do.

Concerns about the IMF's programs were heightened this week when it was forced to dig deep into a little-used fund of last resort to provide up to \$13.8 billion in new loans to Russia over the next two years to help stabilize the ruhle. The agency has not dipped into this fund in two de-

See IMF, Page 12



PAGE TWO

New Age Styling / Vatican Looks at a Suit

Rome's Fashion World Puts on the Cloak of Religion

By Alessandra Stanley Non York Times Service

OME - All fashion feeds on the new — and the sbocking — and Italian fashion even more than most. But in a world inured to political scandal, nudity, profanity, sexual flamboyance and celebrities eternal falls from grace, there are very few taboos left to

That is perhaps why the Roman Catholic Church is an irresistible theme for Italian designers seeking to make a splash. As fall-winter collections got under way in Rome this week, fashion designers sprinkled their shows with religious symbols.

One designer announced he would send a model prancing down the runway to the accompaniment of Pope John Paul II - a CD recording of the Pope singing a Gregorian chant at Mass that was electronically woven into a hip-hop background beat. Perhaps only the Vatican, which threatened to sue the designer if he

persisted, was surprised. Another designer had his models

drinking holy water.
From the "Jesus Jeans" of the early 1970s, marketed with provocative advertisements of a model in tight cutoffs under the New Testament words, "He who loves me, follows me," to today's shock-value Benetton ads, irreverence, or blasphemy to some, has become a perennial of Italian fashion and advertising.

One reason Italian pop artists, advertisers and designers seem so inclined to invoke and provoke the Var-ican is that the Catholic Church in Italy is more closely woven into the fabric of secular life than in almost any other Catholic country.

Federico Fellini may have pion-eered the trend in his satirical 1972 film "Fellini Roma," which featured an ecclesiastical fashion show. But even today, offending the Vatican is one of the surest ways of attracting

publicity in Italy.

The main difference with the iconoclasm of today and 20 years ago is that they are driveo by opposite fads. Fashion now is invoking the Lord's name not in vain, but out of New Age

If in the '60s and '70s the fashion industry was echoing a social mood of rebellion and nonconformism, today's designers say they are seeking



Gai Mattiolo's models in Roman sandals and angel wings during Rome's fashion week. Today's Italian designers say they are seeking to tap into the yearning for spiritual values and in so doing, happen to get the publicity they are after.

to tap into the culture's yearning for spiritual values, and in so doing happen to get the publicity they are

"I've always had a certain New Age dimension to my shows," said Kean Etro, the Milan-based designer, who said he wanted to include the Pope in his show Friday as "my homage to the world of introspec-

tion."
Mr. Etro said he would respect the Vatican's wishes and find some other music for his show. "I'm not looking for a clash," he said, sounding a bit hurt by the church's response. "I meant this as a tribute to the Pope."

The Vatican, however, was not flanered. "This is outrageous and offensive to believers," said Archbish-op John Foley, head of the Pontifical Council for Social Communications.

"Unfortunately, any comment only gets them more attention, which is what they seek, but I personally cannot let something like this go by," be said. "They are guilty of sacrilege—using a sacred part of the liturgy for a very secular event—a fashion

The church is far less influential in Italian politics and social life than in years past - Catholicism ceased to be the state religion of Italy in 1984 but its views on issues ranging from homosexuality, school curricula, hirth control and divorce are widely heard. The Holy See is an independent nation-state in the center of Rome, with its own newspapers, television sta-tions and publishing houses and vast real-estate holdings. In a country where politicians and most secular institutions carry little weight with ordinary citizens, the church is the country's most imposing and, to same, oppressive institution.

When newspapers first announced Mr. Etro's intention, Vatican Radio, which owns the copyright to the Pope's recordings, immediately threatened to sue the designer and the producers of the CD, insisting the music was a copyright infringement.

HILE based on the Pope's a cappella singing of the preface to the Mass, the arrangement, filled "Forgive Us," sounds less like a Gregorian chant than a slightly solemn summer pop tune. It is bighly unlikely that the Pope would give his blessing to such an endeavor, hut the composers were also ag-grieved by the Vatican's rejection.

ous or even ironic," said Andrea Mariotti, one of the composers. 'It is very beautiful and emotional.'

He selected the Pope, he said, "be-cause I was searching for the big

Mr. Mariotti, who said he began his project with cooperation from the church, now charges that the Vatican moved to prevent him from selling his CD in stores not out of religious con-

cerns, but commercial ones.

They are trying to block me so they can steal the idea and sell it themselves," he said. Certainly, there are people in Rome who believe that this recording of the Pope's singing could be profitable.

"This CD could be gigantic if it is ever released," Mr. Etro said. "Big-ger than Elton John's tribute to Princess Diana

The publicity payoffs of icono-clasm are mixed with odd snippets of New Age sincerity. Guillermo Mariono, the designer for the Rome-based fashion house Gartinoni, made headlines during fashion week last year by holding his show inside an Anglican church - no Catholic church would accept such a proposal - with a runway model dressed as the Virgin Mary. Mr. Mariotto said he had planned to have the model wear a crown of thoms, but was gently dis-suaded by Anglican officials, who told him such a gesture might offend the Catholic Church.

"I was in the sacristy of a consecrated church, on a telephone conference about the crown of thorns with the office of the arcbbishop of Canterhury," Mr. Mariotto recalled. "I felt like the most important person in the world. I was crying with hap-piness." He switched to a crown of

This year, Mr. Mariotto, who said he was a believing Christian, substituted holy water for beer in the show on Monday night. The theme was unfinished fashion, a tribute to the hundreds of construction sites all over Rome that are being made ready for the year 2000 jubilee.

One scene called for models, dressed as construction workers, to spill out of a bar, guzzling beer. "I put holy water in the models' bottles instead," he confided.

"I wanted to save the girls in the show from feelings of envy and bad

Rebels Cut Throats of 13 Villagers In Algeria

ALGIERS - Rebels cut the throats of 13 people and wounded two others—all apparently members of a single family — at a village southwest of Algiers, government security forces said Thurs-

day.

The security services attributed the killings to "terrorist groups" - a term that is officially used to refer to armed Muslim fundamentalists who are fighting the military-backed secular govern-

Women and children were among the dead, Algeria's state-run radio said in a report from the scene, about 220 kilometers (135 miles) from the capital in Tiaret Province.

The assailants slashed the throats of my father, mother, brothers, my married brother, his wife and children," one survivor told the radio, indicating that the victims were members of one extended family.

The survivor said that the rebels, split into gangs, stormed the village at 11 P.M. Tuesday and forced militiamen guarding the village to flee after

'We came onder fire from a gang of between six and seven attackers. We shot at them, and then we fled to a neighboring hamlet. Another gang broke into my home to carry out the

carnage." he said. Many Algerian villages are protected against such Muslim militant attacks by volunteers who are armed by the gov-

The radio, without giving further details, said only three children survived the attack.

It said that a senior army officer visited the area shortly after the killing and that troops launched an intensive manbunt to track down the assailants.

The carnage was the latest in a series of similar killings over the past two years in which thousands of people. mainly peasants, have been killed.

Algeria has been racked by violence since early 1992, when the authorities canceled a general election in which radical Islamists had taken a command-

ing lead.
Western estimates say that 65,000 people have been killed since then. The U.S. State Department says the toll is (Reuters, AFP)

Aid Agencies Doubt Sudan Cease-Fire Will Help the Starving

agreed to by both sides in Sudan's long civil war to allow food to reach farninestricken areas in the south was greeted with skepticism Thursday by aid agen-

"It's too late." said Jacob Akol of
World Vision. "This cease-fire should
have been in place three months ago. That was when it was needed."

The British Foreign Office said Thursday that the Sudanese government had agreed to extend a monthlong cease-fire in part of the famine-hit sonth of the country to three months. "The Sudanese government has now agreed

to a three-mooth cease-fire." a Foreign

unilateral cease-fire for three months covering the whole of the Bahr el-Ghazal region, where 700,000 people are short of food.

Derek Fatcbett, the British foreign office minister who is in Sudan, said after talks with the Sudanese foreign minister, Mustafa Osman Ismail, that he was delighted that both the Sudanese government and the Sudan People's Liberation Army had agreed to a ceasefire "and to the proposals for safe aid corridors which I put to them.

most acute, it should also give renewed

confidence to the Sudanese government and the SPLA to engage in a broader political discussion. The rebel group described the government's announcement as a positive step. "We hope it will be extended until

the crisis is brought under control." said Justin Yaac, the group's representative

But aid agencies doubted that the agreement would have much impact on the more than 2 million people they say

because roads are impassable.

"It's extremely convenient for them to call a cease-fire now," said Mr. Akol of World Vision. "But during this period it's difficult for us to get any food in, and it's due to end just when we can start

using the roads again."
The United Nation's World Food Program, which launched the biggest airdrap in its 35-year history in response to the crisis, said a huge air relief operation would still be essential io the

This is a significant step forward. are facing starvation.

"The crisis for the aid agencies is far Mr. Fatchett added. "Not only will it Aid workers noted that the cease-fire from over," said Michele Quintaglie of NAIROBI — A temporary cease-fire of the spokesman said.

Office spokesman said.

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On Wednesday, the rebel Sudan of the spokesman said. Bahr el-Ghazal and Upper Nile.

Aid workers are worried the agree ment will not halt factional infighting by groups not under the direct control of either side. The main area of concern is the western Upper Nile, where fighting between two government-backed warlords bas severely hampered food dis-

It was also unclear whether the ceasefire would stop the frequent raids of villages and towns in northern Bahr el-Ghazal by "Murhaleen" tribesmen.

WEATHER

UN Quits Rwanda

GENEVA — The United Nations buman rights body announced on Thursday that it was pulling out of the troubled central African country of Rwanda because the government refused to allow its ob-

The Geneva-based UN rights body said talks with the Kigali govemment on the fate of the mission had failed to produce an accord to continue its initial mandate of monitoring and publicly reporting hu-man rights abuses.

The UN rights office said that continuation of the agreement would have helped strengthen the rule of law in Rwanda.

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TRAVEL UPDATE

Facelift for Times Square Subway

NEW YORK (NYT) - The Times Square subway stating, — a bewildering snarl of grime-encrusted tunnels that is the neglected basement of what has become the city's most animated neighborhood — is finally about to receive the renovation that has been promised for decades.

Transit officials requested hids this week for the first phase of an eight-year. \$180 million project to redesign and refurbish New York's busiest subway starioo, widening corridors and adding staircases and elevators. Several major artworks will be installed, including a 53-foot-long (16-meterlong) porcelain mural of a futuristic subway that Roy Lichtenstein created for the station before he died last year.

Construction — which will disrupt subway service on and off for years — should begin hy next spring.

The Seychelles plans to introduce a \$100 charge for visitors to the Indian Ocean islands, partly to raise funds for conservation efforts, the government said. The charge, starting in January, would include free entry to some tourist sites, including coral and bird sanctuaries. Pilots of Middle East Airlines, Lehanon's national airline,

operated only one flight, to London, tlown by two pilots who are administrative employees. Cyprus Airways said it planned to secure foreign aircraft to help it cope with a planned three-day pilnts' strike next

The number of international airline passengers going to and from Australia took a sharp tumble in February as the Asian economic crisis worsened, figures released Thursday

week that threatens to strand 25,000 travelers.

Forecast for Saturday through Monday, as provided by Acculveather. walked off their johs Thursday, forcing the cancellation of 21 flights to and from Beirut International Airport. The airline

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North America

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POLITICAL NOTE.

A Republican Plan On Patients' Rights

WASHINGTON - Senate Republicans have proposed legislation to protect patients' rights, joining

the American Medical Association

and Democrats who have sought

much more sweeping protections, including the right to sue managed-

The Senate plan, to be followed Thursday by a bill from House Re-

publican leaders, seeks 10 give patients a greater choice of doctors and provide tax breaks in make insurance more affordable. The Democratic plan would cover 150 million

people; the Republican plan would

affect only one-third as many.
The Senate majority leader, Trent
Lott of Mississippi, said be planned to bring the measure, which is still being written and finalized, to the

floor before Congress leaves for va-

cation the first week of August.
Senator Don Nickles, the secondranking Republican and chief architect of the bill, said, "Some of
the other proposals, particolarly the
Democratic alternative, is well-in-

tended, but the net result would be

that it would greatly increase costs, reduce access, and frankly it would increase the bureaucracy and the regulations by unbelievable leaps

Democrats were quick to react. The secretary of Health and Human

Services, Donna Shalala, called the

Republican plan "too little, too late," and Senator Edward Kennedy

of Massachusetts, who helped draft

the Democratic bill, said it was even

weaker than the version described

last month by the speaker of the House, Newt Gingrich. (NYT)

and bounds.

care companies.

THE AMERICAS Missile Threat to U.S.

Greater Than Thought Report Singles Out Iran and North Korea

By Bradley Graham

WASHINGTON — Challenging official U.S. intelligence estimates, a congressionally mandated panel has reported that Iran and North Korea could develop weapons capable of striking U.S. territory sooner than government analysts have predicted and with little or

political debate over whether to deploy a national missile defense system. But some congressional Republicans quickly seized on the report as further could pose a missile threat to the United justification for their determination to build such a shield despite the high costs and doubts about its feasibility.

The Clinton administration has committed to planning a modest system by

2000 that could be deployed within another three years should it seem war
It said Third World countries were other three years should it seem war-ranted. But Republican lawmakers have pushed for greater spending and a firm decision to build the system, citing a threat of missile attack despite the end of

The speaker of the House, Newt Gingrich, Republican of Georgia, hailed the oring foreign missile development, the panel's study as "the most important commission said potential adversaries warning about our national security since the end of the Cold War' and said he would consult with the Clinton administration and congressional leaders bipartisan working group to review in-telligence and defense capabilities.

U.S. intelligence agencies have maintained that a long-range missile threat from potential Third World adversaries is unlikely to emerge before 2010, except possibly from North Korea, and would likely be detected well in advance.

But the commission's chairman, Don-

news conference that his group had access to broader and more highly classified information than most analysts in the intelligence world and that it took a somewhat different approach by weighing the information "as senior decisionmakers would,"

"The threat to the United States posed by these emerging capabilities is broader, more mature and evolving more rapidly than has been reported in estimates and reports by the intelligence com-munity," said the panel, composed of nine national security specialists, includ-ing a mix of academics and former gov-

ernment and military officials.

The ability of U.S. intelligence agencies to estimate the vulnerability of the United States to ballistic missiles is declining, the commission added, because

the way analysts assess information. The commission appeared to give greater weight than government analysts to technical assistance from Russia and China, availability on international markets of missile technology and cooperation among missile-developing nations analysts have predicted and with little or no warning.

Members of the bipartisan Commission to Assess the Ballistic Threat to the United States declined Wednesday to link their findings to the contentions. rapid progress" on a medium-range mussile and has the technical capability

States within 10 years.

It warned that missile programs no longer follow the patterns of the United States and the one used by former Soviet

Discussing the difficulty of monitalso were getting better at hiding their It noted that U.S. intelligence analysts

were surprised by North Korea's defrom both parties about establishing a ployment of its medium-range No Dong missiles after what appeared to have been only one test.



Paramedics treating Leona Siler, 13, who suffered shortness of breath standing in the unremitting sum in Dallas.

Heat Blamed for Up to 50 Deaths in South

The Associated Press

DALLAS - Health department phone lines are being jammed with calls from people worried about surviving the succession of days with 100-degree tem-

The beat wave has been blamed for oearly 50 deaths and for withering crops throughout the South. Callers to the Dal-

las County health department wanted to deadly across the South. It is hlamed for

People need to take this heat sesearing heat as Texas suffers under a riously," said Betty Culbreath, director succession of days with 100-degree ternor of Dallas County Health and Human Services. "We just don't want to lose any more lives.

Colorado, but has been particularly

know how to avoid becoming a sta- at least 25 deaths in Texas, 6 in Okla-

Wednesday was the 23d day this year that the temperature hit or exceeded 100 degrees Fahrenheit (38 degrees centigrade) in the Dallas area, and the 10th The heat wave has stretched north into day in a row. It was 104 degrees Wednesday at Love Field airport in Dallas.

CIA Puts Off Publication of

By George Lardner Jr.

WASHINGTON - The Central Intelligence Agency has shelved plans to open classified records on Cold War actions in the late 1940s, the 1950s and the 1960s, according to the current CIA director, George Tenet.

In a six-page statement, Mr. Tenet said he had been compelled to make the decision because the agency could not. under current budgetary limitations," afford to meet all the peoding demands for declassification.

He said statutory obligations would take priority, such as opening records about the assassination of Presideot John F. Kennedy and also materials needed to

write State Department histories. Mr. Tenet's statement drew complaints about the CIA's performance in meeting what Mr. Tenet described as its mors, later vehemently denied, that "responsibility to the American people, Secret Service agents had witnessed and to history, to account for our actions

Secret Service officials are sensitive said Anna Nelson, a historian who is a Records Review Board. "The real problem at the CIA is the way they declassify. said a former member of the presidential deleting information that can easily be

> The history declassification projects, which Mr. Tenet said he was postponing indefinitely, were set in motion by two former directors, Robert Gates and R.

James Woolsey. The subjects of the documents include secret efforts to derail Communist parties in France and Italy in the 1940s, ClA support for Indonesian rebels in the 1950s and 1960s and the U.S.-backed coup in Iran in 1954.

Budget Surpluses Are Looking Rosier

WASHINGTON - The Congressional Budget Office, which has come under Republican fire for being overly cautious in its economic forecasts, has issued revised figures that are relatively rosy, showing a \$63 hillion budget surplus this year and combined surpluses of \$520

billion over the next five years. Throughout the coming decade, the government will take in \$1.6 trillion more in revenue than it will spend, according to the revised re-port issued Wednesday, or nearly \$1 trillion more than the budget office

forecasts last January. Moreover, the government will balance its books in 2002 for the first time without drawing on the surpluses in the Social Security trust

House and Senate Republican leaders who have struggled to find a politically acceptable way to finance a major new tax cut of as much as \$100 billion through re-ductions in domestic programs seized on the report as justification for using some of the future surpluses for tax relief.

"This is great news for every American family," said Mr. Gin-grich said. "With a whopping \$520 billion surplus, we can preserve, protect and strengthen Social Security while also passing significant tax relief for hard-working Amer-

Quote/Unquote

Geraldine Ferraro, who is struggling to raise money in her race against Senator Alfonse D'Amato of New York, on the reaction of voters to her efforts to raise funds! 'What I'm finding is that they're concerned about how much is in. their bank account, not how much is in my bank account."

Presidents Chafe at Their Bodyguards ald Rumsfeld, who served as defense secretary and White House chief of staff under President Gerald Ford, said at a But They Learn to Live With the Loss of Privacy That Security Demands

By John M. Broder New York Times Service

WASHINGTON - The heated struggle over the independent counsel's demand for testimony by Secret Service agents guarding President Bill Clinton goes to the heart of the delicate and at times difficult relationship between the president and his bodyguards.

Mr. Clinton, like all presidents, chafes at the invasion of privacy that Secret Service protection demands as the price of protection. But over time, Mr. Clinton has come to accept the suffocating proximity of his guardians as a part of his job.

With his latest subpoena of eight Secret Service officers, including Larry Cockell, the head of the plainclothes detail guarding the president, Kenneth Starr,

AGENTS: Full Court Declines to Reconsider the Order to Testify

The Justice Department and the White House challenged those subpoenas Wednesday, saying they would intrude on a relationship that demands implicit trust and confidentiality. Breaking that bond could imperil the president's life,

Mr. Starr has now served subpoenas on about 10 Secret Service employees -Mr. Cockell, several members of its uniformed division, and the agency's general counsel, John Kelleher. Mr. Cockell is currently the head of the Presidential Protective Detail, the plainclothes agents who provide immediate physical protection to the president and his family.

The uniformed division gnards the White House and provides security at the agencies do not have enough satel-lites and spies to track missile prolif-eration and because of shortcomings in knowledge of Mr. Clinton's movements uniformed officers control access to the

> where he was q tioned at length about his re-

lationship with Ms. Lewin-

sky. Mr. Cockell was in the

limousine during the brief trip

back to the White House

along with Mr. Clinton and

his private lawyer, Robert

There was no indication

from Mr. Starr's office that he

intends to question Mr. Cock-

ell about the car ride and risk a

separate court fight, but Mr. Bennett and Mr. Clinton's

other lawyer, David Kendall,

suggested that was the ob-

vious intent and would be an

improper breach of attorney-

client privilege.

Bennett.

and his meetings to provide corroboration of other witnesses' accounts.

The Instince Department and the William to president's visitors, although they rarely know what goes on behind closed Mr. Starr's efforts to compel the testi-

mony of Secret Service officers have shaken the agency to its core. Senior agency officials have said that

is a daily struggle to persuade Mr. Clinton - and every previous president - to accept the intrusive presence the Secret Service believes it needs to protect him. Hauling agents into court would shatter the necessary intimacy between the presideot and his guardians, agency officials contend.

When Mr. Clinton first moved into the White House in 1993, there were persistent reports of friction with agents assigned to guard him.

Mr. Clinton and the first lady, Hillary Rodham Clinton, bristled - as all new White House occupants do - at the round-the-clock protection and its inevitable infringement of personal privacy. The mood was not helped by ru-

to the burdeo that protection imposes on member of the Kennedy Assassination the first family.

"We are with them 24 hours a day," detail. "We are there for moments of found in the public arena, sometimes on tension between you and your wife, your the front pages of The Washington Post relatives, your children. We are there to and the New York Times." experience your Christmas Eve, your Christmas Day. We're talking about the very minutiae of daily life."

Agents are seldom actually with the president when he is in the family quarters of the White House, although they do control access to the private floors of the executive mansion wheo the first family is in resideoce. Though the president can meet privately with anyone, agents are always oearby.

Continued from Page 1 Clintoo and Ms. Lewinsky. is asked about the president's say after leaving his Ian. 17 Secret Service agents had witnessed and to history, to account for conversations with them. A Political First light conversations with them. A Political Fistfight

Supreme Court seeking to head off the testimony of Larry Cockell, who leads Mr. Clintoo's security detail, and other officers subpoenaed by Mr. Starr's six-month camthe independent counsel, Kenneth Start.

Thursday morning, and nn- Lewinsky converted what certain of the status of the had been a polite debate legal wrangling, Mr. Cockell among lawyers about legal and the officers arrived grimprivileges into a politically faced at the courthouse and waited ontside the grand jury neither side appeared willing room for more than an hour to back down. until the appeals court issued the temporary stay at 10:20 A.M. They left immediately to resume the work of protecting the president.

But their stams was imme-diately thrown back into port from the appeals court doubt when the appeals court last week and decided to force decided not to review the le-

Mike Leibig, the lawyer who represents two of the overseen the presidential pro-Secret Service officers who tective division since Februhad been subpoenaed, said his ary, Mr. Starr on Tuesday clients were prepared to testi-fy but were relieved to have officers, officials said yesterbeen spared having to do so day, one more than previuntil the courts settle what ously reported.
they can and cannot talk "We will use all legal and they can and cannot talk

ficers here or anywhere, they'd like to know what their duty is before they are doing it," he said. "And some of the ambiguity is what they're swiftly and fiercely, conconcerned about. They're demning the move as the ac-getting all sorts of cross opin-tion of "an overzealous prosions about what they're duty ecutor" trying to force the the Pentagon, although as

ficers he represents, whose names he declined to provide, ''do not know about some vital, embarrassing, block-buster event'' between Mr. uray unat utust, as the white what other agents have seen and heard. Some Clinton advisers said they feared Mr. Starr might try to ask Mr. Cockell about what he heard the president Mr. Leibig said the two of-

Peter Baker of The Washington Post reported earlier: The sudden escalation of Mr. Starr's six-month campaign to secure Secret Service testimony about Mr. Clinton ton's relationship with Ms. Secret Service dispute be-Summoned to appear ton's relationship with Ms.

> Until this week, Mr. Starr had been content to wait until the legal process played itself out, but he apparently grew tired of delays by the admin-

> the issue. Besides Mf. Cockell, the plainclothes agent who has

prosecutive means to get this "As law enforcement of- information as fast as we spokesman Charles Bakaly ton's conversations.

> The White House reacted president's protectors to "betray that trust," as the White

These are tactics that are certainly questionable, and that's a mild way of saying it," Mr. McCurry said.

cause, it has insisted, it has left the matter entirely in the hands of the agency and the Justice and Treasury Departcharged fistfight in which ments, which so far have lost two court fights to block agents from having to testify.

But Clinton strategists concluded it was an opportune moment to speak out, reasoning that Mr. Starr over-reached by issuing new subpoenas even as the matter was still pending at the U.S. Court of Appeals for the District of Columbia Circuit, In particular, they characterized Mr. Starr as excessive for targeting the one agent most responsible for ensuring the

president's safety. What Mr. Starr wants to ask Mr. Cockell remained unclear. As the head of the detail, Mr. Cockell, 47, is virtually the president's alter ego, constantly at his hip no matter where he goes and within easy can," said Mr. Starr's earshot of many of Mr. Clin-

> But Mr. Cockell did not begin working at the White House until the summer of 1996, after Ms. Lewinsky had already been transferred to lead ageot he may be privy to what other agents have seen

STYLE, SOUNDS, DINING, ARTS.

Hemlines, jazz, restaurants and art – the past year's articles from the IHT can be found on our site on the World Wide

http://www.iht.com

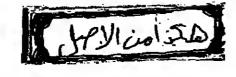
Away From Politics

• Drillers at Mount Rushmore in South Dakota have cut holes 15 feet (4.5 meters) deep into the backs of the heads of George

• The anti-tohacco lobby opened a new front against cigarette and cigar makers when the city of Los Angeles sued 16 of them for failing to warn about the dangers of second-hand smoke. The city attorney, Jim Hahn, said in the was the first legal action of its kind in the United States.

 A Civil War buff from France has pleaded guilty to charges that he shot and wounded a Dakota have cut notes 15 feet (4.5) fleets)
deep into the backs of the heads of George
Washington and Abraham Lincoln in a project to learn how well the 57-year-old mountainside sculpture has been holding np. (AP)
tainside sculpture has been holding np. (AP)
tainside sculpture has been holding np. (AP)
tainside sculpture has been holding np. (AP) tenced to two days in jail and fined. (AP)

 A man accused of being a serial rapist (Reuters) him in a photo lineup.



2 Party Stalwarts Vie to Lead Japan

TOKYO - The race to become Japan's next prime minister on Thursday appeared likely to become a showdown between two leading figures in the gov-eming party, with financial markets backing the former chief cabinet secretary, Sewoku Kajiyama.

The other leading candidate is the foreign minister. Keizo Obuchi.

The governing Liberal Democratic Party put off by three days, until July 24, a voie to decide a new prime minister. It also delayed by a day, until Tues-day, a deadline for candidates to be nominated

Foreign Minister Obuchi had seemed the apparent choice. But Japanese news organizations ran many reports saying the public was fed up with back-room deals and wanted strong leadership.

tn a meeting Thursday, junior law-makers in the party joined the chorus of disapproval, calling for a more honest decision-making process and for can-didates to come forward with a clear vision for the future.

Hakebe, a member of the lower house, told a gathering of all the party's mem-bers of Parliament. "The voters are de-

manding an open debate."
Mr. Kajiyama, the former chief cabinet secretary, who is 72, is to meet with his party supporters on Friday morning. He is expected to announce his candidacy after that meeting.

The Liberal Democrats enjoy a com-

fortable majority in the lower house, so the party's candidate is assured of replacing the incumbent prime minister. Ryutaro Hashimoto.

Earlier on Thursday, Mr. Obuchi delayed until at least Friday a news conference to announce his candidacy.

His supporters - he is the head of the largest faction in the party, and he re-ceived the backing of the faction on Wednesday to run for prime minister -said the detay was 10 get more backing so there would be no appearance of party in-fighting that might worty filates to come forward with a clear nancial markets. It was a vain hope.

Asked if Mr. Obuchi planned in change his plan to run in the election,

parry chooses its president." Tsutomu State Minister Muneo Suzuki, who looks after Japan's northern and south-ernmost islands, said: "That will never happen. If he does so, it will mean he is quitting politics."

The party's policy chief, Taku Yama-saki, said he supported Mr. Obuchi,

Mr. Hashimoto, prime minister since January 1996, is resigning because the party lost seats in elections for the upper house last Sunday. The elections were regarded as a no-confidence vote in his policies, which have failed to lift Japan out of its current recession, the worst since World War IL

In one sign of how the tide was turn-ing away from Mr. Obuchi and toward Mr. Kajiyama, a cahinet minister took the unusual step of saying bluntly and publicly that Mr. Kajiyama, not Mr. Obuchi, was the man Japan needed in its hour of economic need.

"Ohuchi is a great man, but in order to make a breakthrough from the current situation, we need Kajiyama," Yoshinobu Shimamura, the minister of agriculture, said at party headquarters.

paign, Kofi Annan, the UN secretary-general, said Wednesday, although he cited some progress, The Associ-

ated Press reported from New

ordinating election observers for the July 26 vote, and Mr.

Annan sent a statement to Mr.

Hun Sen and other political

ing to a UN spokesman, Fred Eckhard.

The United Nations is co-



BRIEFLY

YOUNG ACTIVIST SNARED - The police in Dhaka, capital of Bangladesh, arresting a boy during an opposition-led general strike on Thursday. Nearly 50 people, including some policemen, were injured as activists threw rocks and homemade bombs in a protest aimed in part against rising prices.

Cambodia Campaign Takes Racist Turn

Deaths of Ethnic Vietnamese Come Amid Increasingly Vitriolic Electioneering

ethnic Vietnamese have been about 10 million people. killed in an attack on a Cam-bodian fishing village in what deep distrust of Vietnam. the police said Thursday were which has swallowed up large the first murders targeting the tracts of Cambodian territory minority group during an election campaign filled with vitriol against them.

The Vietnamese and an
The major opposition candidates have played up antiVietnamese rhetoric, saying

Wednesday night when five run by illegal immigrants and unidentified gunmen burst in-to their home in the eastern on Cambodia. to their home in the eastern province of Kratie and opened fire with automatic weapons, officials said. The family had lived in Cambodia

senior Interior Ministry police to solve these problems.

official. "I think it marks the Prime Minister Hun harassment of the Vietnamese before the elections.

An investigation was under came to power during the way in efforts to curb violence in the run-up to voting under harsh Vietnamese mil-July 26.

An estimated 200,000 to 1

million ethnic Vietnamese Cambodia in 1979 and Cambodia's electoral cam-live in Cambodia, a nation of toppled the genocidal Khmer paign, Kofi Annan, the UN PHNOM PENH - Three live in Cambodia, a nation of

vitriol against them.

The Vietnamese and another person were killed the country risks being over-

polincian,

the Cambodian leader, is of-The attackers fled in a boat, of being a tool of Vietnam. He

Rouge regime, but many Cambodians feared Hanoi intended in swallow their country. The Khmer Rouge survived for years as a guerrilla army billing itself as Cam-bodia's defender against Vi-

Sam Rainsy, an opposition acknowledged Thursday that he may have inadvertently raised anni-Vieunamese emotions in some of It was a terrorist act, be-cause nothing was stolen after said he has "never advocated

> Prime Minister Hun Sen. ten accused by his opponents 1980s, when the country was

Foreign Aid Workers Face Kabul Deadline

KABUL - Afghanistan's Taleban Islamic movement said Thursday that foreign aid workers in Kabul must decide by Sunday whether to move to a college hostel or leave the warshanered capital.

The order was issued last month. The aid workers now occupy rented private houses.

International aid agencies in Kabul are discussing the relocation order to determine a common approach, an aid

Retired Gurkhas

March for Pensions

worker said Thursday.
"We don't know the majority's decision wbether they will pull out or will accept the order." he said. (Reuters)

Drama on Gandhi

NEW DELHI - Indian lawmakers were up in arms Thursday against a play that they said showed the in-dependence leader Mahatma Gandhi in poor light and painted a favorable

Angry deputies in the lower house.

The Associated Press

spy incursion into South Korea.

SEOUL - The Defense Ministry

long struggle against British rule.

The play focuses on the Hindu fanatic Godse who was hanged for Mr. Gandhi's assassination Jan. 30, 1948, five months after independence. Mr. Gandhi's killing at a prayer meeting sent waves of revulsion through the country and Indians today have grown up reviling his assassin. The play, seen through the eyes of Godse, shnws Mr. Gandhi to be soft and helpless, law-makers said.

(Reuters)

Retired Gurkhas

makers said.

KATMANDU, Nepal — Retired Gurkha soldiers marched in the British Embassy in Katmandu on Thursday to pressure their former employer for pensions equal to those of their British counterparts.

Nearly 15,000 former Gurkha sol-diers and their relatives marched about two kilometers from the Nepalese Foreign Ministry to the embassy and blocked the building's entrance for an

A protest letter was handed over to

embassy officials. Himal Rai of the Gurkha Ex-Servicemen's Organization said Gurkhas would begin a sit-in at the embassy on

Aug. 17 that would last "until our The organization has rejected a

British government offer of pension hikes ranging from 23 to 51 percent for the 26,375 retired Gurkha soldiers who have served and fought wars for

Even with a 40 percent increase, a retired Gurkha rifleman will receive a pension of \$42 a month; his British

counterpart gets \$750 a month.

At present, 3,000 British Gurkhas are still on active duty. Gurkha soldiers have served in the British Army for nearly 200 years.

A Former Party Boss Is Charged in Beijing

BELIING - A once-powerful Communist Party insider caught in China's largest graft scandal has been charged with corruption and derelicnion of duty, a government official said

The decision to indict the former Beijing party boss, Chen Xitong, signaled renewed official determination to press ahead with a five-year campaign against corruption that already has seen Mr. Chen's son and high-level politicians jailed.

Mr. Chen is the most senior party

member to face prosecution in the campaign, which was launched by the party's leaders to defuse widespread public anger over rampant official

OF NAZARETH

Request for Proposals for the 2000 Millennium Celebrations

Media Related Project and Associated **Events for the Period of the** Millennium in the city of Nazareth

- The Municipality of Nazareth hereby announces its desire in receive proposals from entrepreneurs in acquire a incense to operate and manage in co - operation with the Municipality of Nazareth projects and associated events, media related and others, for the period preceding the 2000 Millennium in the city of Nazareth and the period afterwards.
- The principles of the project:
- Events to be held in the city of Nazareth lending up to 31st December 1999 and
- Generating activity by means of various events in the city of Nazareth in different fields with the inclusion of various dignituries, institutions and parties in order to create publicity for Nazareth. to enhance tourism in the city and to position the city as a desirable tourist
- Interested parties are required to describe their proposals in precise detail and to include amongst other information the following:
- The scope and budget of the project.
- The means of financing the project.
- Their financial ability to aperate the project.
- The sum of the bank guarantee that they are able in provide to the Municipality to guarantee the realization of the project.
- The amount to be paid in the Municipality.
- The Municipality has prepared an Information Sheet on this subject. If you are interested in receiving it, please send your request by fax to 972 6 6554502 stating your address and fax number to which we can send the Information
- The final deadline for submitting proposals in the August 31st of 1998.
 - Proposals should be mailed to the Mayor of Nazareth, City Hall, P.O.B 31, Nazareth 16100 Israel, Contact person - Mr. Amir Zuabi:
 - Tel: 972 6 6459237 / 201 Fax: 972 6 6554502
- The Municipality is entitled to accept or reject any proposal as it deems right and is authorized to divide the license amnugst cntrepreneurs in its discretion and judgment. The Municipality also reserves the right to carry out negotiations with the interested

Ramiz Jaraisy Mayor of Nazareth

Tintor with the foreign minister of Indonesia on Thursday amid fresh hopes for a solution after more than two decades of bloodshed in the disputed territory.

talks over the future of the former Portuguese colony.

Mr. Marker spoke after meeting the foreign minister, Ali
Alatas. During his weeklong trip to Indonesia, Mr. Marker is
also expected to see President B.J. Habibie as well as the jailed

day of Indonesia's annexation of the territory.

Mr. Marker appealed for calm in the territory, which has

it was invaded by Indonesia a year before the annexation.
Still, animosity is evident. On Thursday in Jakarta, Bishop Belo accused Indonesians of raping women in East Timor over two decades. And Jose Ramos-Horta, co-winner of the 1996

Nobel Peace Prize with Bishop Belo, said violence around the anniversary of the annexation was "almost inevitable."

Mr. Marker said he hoped to arrange a meeting of the foreign ministers of Indonesia and Portugal along with Kofi Annan, the United Narions secretary-general.

A that y teal satisfies general and an army be charge of defending to lieved of their posts.

The dismissal came ident Kim Dae Jung so

UN Envoy Sees Chance cause nothing was stolen after that, "said Mao Chandara, a senior Interior Ministry police to solve these problems." or Description of the state of

Voter intimidation, a lack parties in order to get his

Annan Voices Concern

of media access and a ruling

party that acts with impunity are all causes for concern in

JAKARTA - A UN envoy discussed the conflict in East

Democratic change following the resignation of the authoritarian President Suharto in May has pushed negotiations itary occupation. thoritarian President Suharto in N Vietnamese troops invaded forward after years of paralysis. "We have a chance, a good chance, at arriving at a solution," said Jamsheed Marker, a UN official who has been brokering

separatist leader in East Timor, Jose Xanana Gusmao.

Mr. Marker said discussions were under way about a planned

visit to East Timor. The Indonesian government as well as the territory's Roman Catholic bishop and Nobel Peace Prize winner, Carlos Ximenes Belo, have warned him not to go at this time. Both fear that violent demonstrations could crupt if Mr. Marker traveled there. During Mr. Marker's last visit, in March 1997, Indonesian soldiers killed two opposition protesters.

Tensions have heightened hefore the 22d anniversary Friday of Indonesia's annexation of the territory.

endured guerrilla war and human rights abuses since 1975, when

Angers Lawmakers

picture of his killer.

the Lok Sabha, called for a ban on the play and accused the government of failing to defend the nation's heritage against insults to the leader who led a

Seoul Drums Out 3 Officers in Spy Affair for failing to stop the alleged North Korean infiltration, the second reported

dismissed three navy and army com-manders Thursday, bolding them re-spoosible for the alleged North Korean in the area in less than a month. Three weeks ago, a midget North Korean submarine was found entangled in a fishing net off the east coast. Nine The ministry also reprimanded two three-star generals for what it said was their failure to properly conduct the search for two suspected Communist intruders. The search, involving thousands of soldiers and police was in its bodies were found in the submarine, all shot to death in what military investigators described as a murder-suicide committed by senior officers to avoid

At the United Nations truce village of Pannunjom, the UN command filed a formal protest Thursday with North Kosands of soldiers and police, was in its fifth fruitless day Thursday in the rugged mountains on the east coast. A navy rear admiral, an army major rea over the case, calling it a "grave"

general and an army brigadier general in charge of defending the coast were relieved of their posts.

The dismissal came a day after President Kim Dae Jung scolded the military

Lieutenant General Ri Chan Bok, the chief North Korean delegate to Panmunjom, "criticized the United States and South Korea for trying to brand the

conducting another anti-North Korean smear campaign with a dead body," the North's official Korean Central News

Agency said. North Korea demanded an apology from Washington and Scoul, saying the crewmen had no alternative but to kill themselves, unable to transmit SOS" when their submarine went adrift with engine trouble and South Korean or warships and aircraft attacked it and

broke its aerial. The two alleged spies being sought Thursday are believed to be the com-panions of a suspected North Korean agent whose body was found washed asbore Sunday near a naval base at Donghae, about 190 kilometers (120 miles) east of Seoul.

BOOKS

I KNOW THIS MUCH

IS TRUE By Walty Lamb, 901 pages. \$27.50. HarperCollins.

Reviewed by Mary Kay Zuravleff

By Alan Truscott

CAN you name a player who has won national nitles in six different decades?

1978, the only victory ever in

tournaments than anyone else misfit in diamonds.

ick Birdsey, opens the cancer, he lost his infant other you or your complefloodgates on Oct. 12, 1990, daughter to crib death, and the day his identical twin now his destructive anger has brother. Thomas, walks into also cost him his marriage. The first hundred pages of brother, Thomas, walks into also cost him his marriage. The first hundred pages of this very good book are as-

lic self-mutilation, the state guistic (if your twin dies, are with the 4-year-old twins in blood it leaves on your hands tells Dominick the Hindu lewants to lock him up and you still a twin?), philosoph- front of a nuclear suh, and a throw away the key. But ical (if you were replicated, stepfather, Ray, whose ab- the lookalike corpse at your sought Shiva's help to Dominick fights the system would you be you?), ethical sence is more comforting than feet. And if you're into both reroute the Ganges from WALLY LAMB'S new with reckless zeal, partly betoould you stand on the shore his presence, Milquetoast Ma
cause he hasn't won a fight if your sick/dangerous twin is there throughout, and her cyclopedic saga of a troubled for some time: He and were drowning?), or even final gift to Dominick is a family. The narrator, Domin- Thomas lost their mother to mystical (is your twin an- bandwritten memoir by his Si-

BRIDGE

North had the only distri-hution with which standard have appeared safe, but

Thomas cuts off his right Dec. 31, 1949, Dominick six panying that drams are ac- that summarizes Dominick's hand as the terrified librarian minutes later, in 1950.

One answer, and perhaps the Teams in 1980, all with Johnonly one is the queen of Calison, and the World Mixed ace and another to give the
fornian bridge, Mary Jane Pairs in 1966. Her Mixed Pair
farell, who owns 14 of partner was the late Ivan Erhury.

dos, who once selected the

One title, with her regular diagrammed deal as an explayed a low spade, West partner, Marilyn Johnson, ample of her skill. would have been in a quantas the Life Master Pairs in North had the only distri-

that event by two women. She bidders regularly hid one dia- would have allowed South to

now owns more master points mond with a three-card suit. take a finesse and dispose of

than any other woman, is 11th He raised the one-heart re- two spade losers. A spade

on the all-time list, and is be- sponse and South bid game, a lead would follow and the de-

has ever done.

Farell will be inducted into the Bridge Hall of Fame later this month in Chicago. She is

Farell was East, and her ably have prevailed after a partner led the spade king. club shift at the second drick and a low card from dummy.

Pass

The easiest way would be for west

lieved to have played in more pushy action in view of the clarer would be in control.

dials the emergency number In trying to discern the ex- downs, the family television "When you're the sane similar that attitude is to from beneath her desk. teot to which the twins really exploding one Saturday brother of a schizophrenic Thomas's grandiose pro-Thomas is a paranoid are ideotical, Lamb plumbs morning in 1960, Marnie Eischizophrenic; after his pubmany notions of identity: lin-senhower being photographed

the town library carrying their stepfather's knife. Praying aloud that his sacrifice will end the Gulf War crisis, decades: Thomas emerged on the Gulf War crisis, decades: Thomas emerged on the control of a paragraph tonishing. Against Thomas's here, adroitly leaping from wishes, doctors want Dominone telling detail to another. Amid his poignant vignettes should be reattached; accomis a gut-punch of a paragraph counts of his previous break- conflict:

If East had routinely

The defense would prob-

victories in four events: the singleton. would survive would Women's Pairs in With the jack in the dummy played the jack. 1970, the Venice Cup in 1978 the play of the queen could and the World Women's not be misleading, and it was

sake, Domenico Tempesto, middle of the night,

NORTH (D)

EAST

◆Q4 ▽10982

*AJS

4J883

♥KQ75

SOUTH ↑10975 ♥AJ843

♣K952

East and West were vulnerable. The bidding: North East South West

Pass 17 Pass 47 Pass

* A Q 4 * Q 8

OAK2

419743

♦ KJ 10852

identical twin, the tricky thing about saving yourself is the The Indian-i ing your brother's keeper if you've promised your dying mother - then say so peace. long to sleep and bello to the

Grah a book or a beer. uncrazy twin - the guy who beat the hiochemical rap."

Lamh's talent is such that

he is able to describe Dominick's noble intentions alongrassment and fear that thwart giveness. those intentions. When the boys were growing up, Ray, who kept the bousebold quaka Grand Master of the World queen under a lead of the king East to win with the ace and Bridge Federatioo, thanks to shows either the jack or a revert to spades, but she ing with nervous tremors, wnuld survive even if sbe rated them.

> brother, otherwise, he sacrificed him to Ray or some oth- lected. er hully. And so guilt adds rocket fuel to his hurning desire to save Thomas.

that he needs doctoring as wide nor so deep. well. Fatherless, brotherless, ... motherless, childless, Domhim. Dr. Patel points out how Washington Post.

"When you're the same similar that attitude is 10

The Indian-born Dr. Patel - the little inconvenience of gend of Bhagirath, who survival of the fittest and be- beaven to earth, so that his restless ancestors might be? purified and he might find

At the time. Dominick is knee-deep in drowned ancestors, many of whom were "Take it from a godless beld under by his grandfathinsomniac. Take it from the er's own hand. Dr. Patel entreats him to forge ahead: The stream of memory may lead you to the river of understanding. And under-standing, in turn, may be a side the resentment, embar- tributary to the river of for-

This reader felt that the river flooded its banks here and there, and that the author would have better served us claimed he was toughening by stanching the flow, the boys up and teaching them Domenico's memoir could respect when he beat or be- have been excerpted, superabundant examples of Ray's Dominick would rescue his tantrums pared, and the life cycle of a few characters neg-

Most troubling Lamb's crossing the line between recurring themes and Dominick finds allies in repetitiousness. Having each two bumane social workers. generation re-enact the same One, Dr. Patel, records her themes detracts from the insessions with Thomas and dividuality Lamb so brilasks for Dominick's help in liantly crafts. That said, rivers distinguishing between flood sometimes, and it seems memory and delusion; his repetty to tell such a talented action to the tapes implies storyteller to go neither so

out oile !

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See Senter 18

Mary Kay Zuravleff, auinick feels the world has thor of Frequency of Sonls. gone out of its way to destroy a novel, wrote this for The

Yeltsin, in a Flip-Flop, To Attend Rites for Czar 80 Years Later, Reburial in St. Petersburg

By Daniel Williams Vashington Post Service

ST. PETERSBURG - A day short of the 20th anniversary of his execution, the remains of Russia's last reigning

czar, Nicholas II, arrived in his imperial capital on Thursday with subdued pomp and somber dignity.

The historical pageantry quickly merged into contemporary political intrigue when President Boxis Yeltsin reversed himself and decided to attend the Friday services.

Mr. Yeltsin's decision elevated the proceedings from a controversial, even petty affair into a major state event.

Russian Orthodox Church leaders and politicians, Mr. Yeltsin included. had treated Nicholas as an outcast and refused to take part in his burial here. In a stroke, the outcast was transformed into an officially recognized martyr. The ever unpredictable Mr. Yeltsin said he acted in the interests of

history and humanity.
"I have to participate," Mr. Yeltsin said in broadcast remarks. "For 80 years, the truth was hidden. No one talked about it. I have to take part. It is

the human and fair thing to do."

The return of the czar's remains to St. Petersburg closes a long and tragic chapter in Russian history. In 1917, the pre-Communist revolutionary govern-ment exiled the deposed czar from St. Petershurg.

The seething capital was unsafe, his captors said. The order was a death seotence. A year later, a Bolshevik murder squad shot Nicholas, his wife, danghters, son, attendants and even the family dog in the Urals city of Yeka-

grim-faced soldiers bore the nine coffins from an llyushin-76 cargo plane that flew them from Yekaterinburg. A military band played the czarist anthem, "So Glorious."

Yellow imperial banners draped the cak coffins holding the bones of Nicholas and his wife, Alexandra. Caskets adorned with golden handles encased the remains of their three daughters.

Olga, Tatiana, and Anastasia.

Coffins decorated in silver held their lady-in-waiting, Anna Demedova; the family physician, Yevgeni Botkin, a cook named Ivan Kharitonov, and Nicholas' valet, Alouzy Trupp.

More than 50 members of the far-

flung Romanov family crossed them-selves as their relatives passed by. Even seven years into the post-Com-

mountst era, the imagery was extraor-dinary. On Friday, "Peter," as natives traditionally call St. Petershurg, was once again a baroque setting for royal Ironies abounded. The city that Com-

munist overseers stripped of its status as capital and renamed Leningrad, after Nicholas' tormentor, flew red-white and blue flags and hlack ribbons of On Moscow Avenue, the fast moving

motorcade passed a giant statue of Len-in. Cadets at the Winter Palace dipped flags as a show of respect as the procession passed.

In a sense, President Yeltsin's lightring decision was an act of personal repentance. In 1977, when he was Com-nimist party boss in Yekaterinburg, Mr. Yeltsin carried out orders to destroy the merchant's house where Nicholas and the others were murdered.

teriohurg.

Soviet leaders feared the place was
On Thursday at Pulkovo Airport, becoming a magnet for monarchist op-Soviet leaders feared the place was



Women in Yekaterinburg weeping Thursday at a ceremony for the remains.

ponents of the regime.

The government had billed Nich-olas's return to St. Petersburg as an opportunity for national repentance. The ssian Orthodox Church, however, spearheaded a general political rejection of the ceremonies. Patriarch Alexiy II challenged the hooes authenticity.

Russians thought the real reason lay elsewhere: the church could not deal with the memories of its own collusion with the Communists nor the fact that

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the exiled Russian church had already

canonized the czar. Politicians squabbled over the cost of the royal eotombment, the oumber of rifles to be used in the customary salute - (19 guns, not 21, because he had abdicated more than a year before the murder — even the site of the final resting place.

Moscow and Yekaterinburg saw the possibilities of an instant additional

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Dutch Investigate Child Pornography

AMSTERDAM - Dutch policemen were investigating allegations on Thursday that an international child pornography ring exploited toddlers as young as two and distributed their images worldwide via the Internet.

The investigation focuses on child pornography in all its facets, the production and distribution of the material," a police spokesman said, adding that the authorities were not yer in possession of the alleged pornographic material.

The inquiry follows claims by a

Belgian anti-pomography organiza-tion that it found thousands of computer disks in an apartment in the Durch seaside town of Zandvoort. The group, Morkhoven, took its find to the media rather than to the police.

The disks were loaded with por-nographic pictures of children, some of them very young, the Dutch current affairs television program NOVA re-

French Ex-Minister **Backs Immigrants**

PARIS — One of France's staunchest conservatives, former Interior Minister Charles Pasqua, did an about-face oo Thursday and suddenly called for more than 70,000 illegal immigrants here to be granted res-

Speaking in the aftermath of the World Cup victory for France's multiracial soccer team, he said Paris could not simply expel foreigners, mostly Africans, who had tried withour success to regularize their status

under new guidelines.
"When France is strong, it can be

generous and make a gesture," Mr. Pasqua told the daily Le Monde. "De Gaulle would probably have done

Under the so-called Pasqua Law, passed in 1993 while he was interior minister, France earmarked 140,000 illegal immigrants for expulsion only to find our they could not be thrown out because they had French-born children or other exemptions.

Basque Paper Gets Back Into Print

BILBAO - A radical Basque separatist newspaper that was shut down by Spanish authorities for alleged links to the guerrilla group ETA published a makeshift edition on Thursday under a different name.

Egin, the newspaper ordered closed on Wednesday by a judge, issued eight pages under the name "Euskadi Informacion." Euskadi is the Basque word for Basque Country.

Egin and its sister radio station Egin Irratia were provisionally closed as part of a series of raids involving the arrests of 11 people accused of helping ETA separatist rebels. (Reuters)

Norwegian Official Target of Explosive

OSLO — Half a kilogram of ex-plosive was discovered in Oslo on Wednesday night under the car of a Defense Ministry official, the police

said Thursday.

The car belonged to the wife of Per Haust, a senior Foreign Ministry official who led an internacional conference on handguns and light weapons in the Norwegian capital this week. There was no detonator with the explosive.

Morse Code Sinks Without an SOS

By Barry James

PARIS -- As the inventor Samuel Morse might have

It looks like ... -- for the Morse Code. The communications code made famous by a thousand war movies and tapped out as the Titanic slipped beneath the waves is fast giving way to computers and satellites.

Within six months, use of the Morse Code will be abolished on all oceangoing passenger ships and cargo vessels above 300 gross tons. It will have been 100 years since the first maritime distress signal was sent in Morse by a lightship in the English Channel, reporting the grounding of the steamship Elbe.

"There is a wonderful romantic image of the radio operator transing out a final radio message as the ship

operator tapping out a final radio message as the ship sinks beneath him," said Roger Kohn, a spokesman for the International Maritime Organization in London. | But

the question is, does anyone survive?"

The sinking of the Titanic in 1912 with the loss of some 1,500 lives prompted the first international Safety of Life at Sea conference, which called for vessels carrying more than 50 passengers to be equipped with a radio-tele-

graphic apparatus.

During the 1990s, most vessels have been upgraded to conform to the global maritime distress and safety system adopted by the International Maritime Organization 10 years ago, and which become universally mandatory next year. The system relies on satellites and a network of

ground-based radio stations. A ship in distress today no looger has to worry whether an emergency signal is received by other vessels in the vicinity. Mr. Kohn said the message would be picked up by a radio station somewhere in the world, which would coordinate a rescue action using all the resources in the

region.

Take the Achille Lauro, which caught fire and sank in the Indian Ocean in December 1994. Its SOS was received by a ground station in Norway, which quickly directed a flotilla of ships to the scene, enabling all but two of the 979 passengers and crew to be rescued. If the Titanic had had the same kind of radio and satellite equipment, Mr. Kohn said, all aboard could have been saved.

The combination of wireless and Morse enabled the code to be used as a universal means of communicating at sea, with dots and dashes, or long tones and short, standing for the letters of the alphabet. It may come back into vogue if the world's electronic sinews collapse one day or are knocked out by enemy attack — in fact, the Pentagon still trains Morse operators for such an emergency. But Mr. Kohn said its defects include limited range, slowness, tendency to be disrupted by atmospheric conditions and the difficulty of training operators.

Kohl Rivals Say Bonn Hid a Poverty Report

BONN — German opposition politicians and the press accused Chancellor Helmut Kohl's government Thursday of failing to publish a report on child poverty for fear that it could damage his re-election chances in September.

The report, an independent study commissioned by the German government that was disclosed to two German newspapers, showed that more than a million children were living

on social welfare. It said about 12 percent of children in the western part of Germany and 22 percent in the eastern part were living below the poverty line, the Munich daily Sueddentsche Zeitung

The newspaper quoted Family Affairs Minister Claudia Noire as saying there would be a delay in publication because the ream of experts compiling the report had taken longer than

expected to submit their findings.

"I am outraged by this," said Edith Niehuis, the chairman of the opposition Social Democrats' family committee. She said it was "absurd that newspapers have this report and

Parliament does not. Miss Niehuis contended that Bonn's failure to publish the report amounted to deception of the voters intended purely to

save Mr. Kohl's election campaign. Mr. Kohl's Christian Democrats are trailing the center-left Social Democrats badly in opinion polls.









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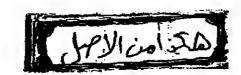
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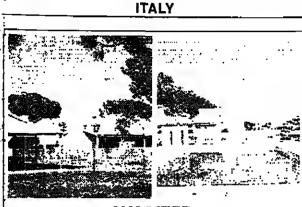
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INTERNATIONAL

As Attacks Escalate, White Farmers in South Africa Take Up Arms

By Suzanne Daley New York Times Service

MOOINOOI, Sonth Africa - Barely 15 minntes after Jeanne Pereira hit the panic button on her new radio system, she could see her neighbors' banged-up trucks tearing down the approach roads to her avocado farmhere, leaving clouds of dust that would linger long after two bedraggled suspects had surrendered. Laborers on the farm had spotted two

black men, kneeling in the tall grass, surveying the main house from the orchard. "The response was so quick, it was

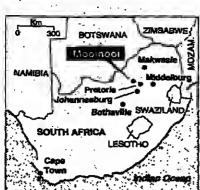
very nice, said Mrs. Pereira.
Within minutes of the capture, she had her maid handing out mugs of coffee to the farmers, who mingled casually in her yard, shotguns and automatic rifles hanging from their shoulders.

'I was so nervous when my workers said they saw there were two boys out here with guns," she said.

The farmers around here, like many elsewhere in the country, are numbering their farms on color-coded maps and setting up command posts in their basements where automatic weapons, helmets, gas masks and bulletproof vests are at the ready

Attacks on white farmers have been mounting. In the last four years, nearly 500 farmers have been killed. Since January there have been 371 attacks on farms resulting in 75 deaths.

Some assaults have been particularly



brutal. In May, a 60-year-old farmer recovering from a hip replacement op-eration was torured and had his throat slit, he died as he sat in his wheelchair. The intruders then waited an bour for his 52-year-old wife to get home; they

raped and killed her, too. The farmers may well be feeling the brunt of a crime wave that has swept across the country, leaving many South Africans living behind high fences and barred windows. But many farmers be-lieve the attacks are more calculated: the work of hlack militants aiming at a group that remains among the most right-wing in the country.

The gang that assaulted the 60-year-

old farmer, Donald de la Field, took nothing from the house but a revolver

Boers," a phrase that was popular during the struggle against apartheid. In March, men who attacked a farm outside Pretoria told a mixed-race wom-

an who tried to protect her white husband that they killed only whites, not coloreds," the South African term for those of mixed race. In other incidents, including one out-

side Cape. Town, the anackers reportedly claimed they were members of Urnkhonto we Sizwe, or Spear of the Nation, the armed wing of the African National Congress when it was fighting apartheid.

South African police and army officials say they have no evidence that there is anything like a coordinated effort against the white farmers, but special investigators studying the attacks are supposed to report to President Nelson Mandela at the end of the month. "So far our investigations have not

revealed any orchestrated efforts," said Martin Aylward, a spokesman for the South African Police Service. "We think that farmers are just easy targets for criminals. They are in rural areas. They tend to have weapons that criminals want. They have some money_it's really in only a few instances that nothing has been taken."

But many farmers are not convinced. In Mooinooi, a small town about 45 miles (70 kilometers) west of Pretoria, farmers shake their heads at all that has happened and left behind a note saying "Kill the to the country since apartheid was abol-

ished. They say their very way of life is under attack, from the sprawling squatter weapons as never before. The farmer-organization. camps that have sprung up nearby to the changes in the schools that may make it more difficult for their children to be

taught in the Afrikaans language.

Most of South Africa's 50,000 commercial farmers are Afrikaners, the descendants of Dutch, German and French senlers who ruled the country for most of the century and were the authors of

Farmers are among the most conservative South Africans. They fiercely opposed the transition to majority rule and are among the most vociferous supporters of efforts to establish a "homeland" in South Africa for Afrikaners.

Some farmers say the assaults are an effort to push them off that land. Farm attacks are political," said Hannes Bezuidenhout, 45, who has had a flower farm in this area for 10 years and answered Mrs. Pereira's call. "They want the land. But even when they have land they don't use it."

Last year, the farmers demanded a meeting with Mr. Mandela, who responded by creating the Rural Safety Plan. Actually, it is a dusted-off apartheid-era idea: Training and arming civilians as army commandos ready to respond to the communist threat -- only these days, the threat is crime. Most of the farmers who went to Mrs. Pereira's farm

were part of the area commando force. Farmers have always been heavily

commandos receive a few weekends of training as army reservists and are each given an assault rifle. When they respond to an incident, the police do, too. But the police force is stretched thin in farm areas, trying to cover vast areas with few men or vehicles. The farmers

often get there much sooner.
In theory, the commandos are to supposed to catch the suspects, hold them and protect the area so that no one disturbs any evidence. In many cases. this has in fact happened. But in others. the suspects have ended up dead.

In the tiny town of Makwasie, in the northermost province, eight people recently attacked a farmer when he opened his door to a knock. His wife was able to hit the panic button. The attackers ran off and a huge search party was sent out. Several hours later, five men were in custody and three were dead. One was shot in the head and one in the groin, according to the police. An investigation into whether the farmers murdered them is under way.

The South African Agricultural Union, which represents most of the country's commercial farmers, has been outspoken about suspicions that the farmers are being selected as targets. By their calculations, farmers are attacked four times as often as other South Africans.

The possibility that farmers are special targets cannot be overlooked," said

In some cases, Mr. Visser acknowledged, the anacks appeared to be related to past disputes over money or treatment. But in others, he said, no connection was found. In Middleburg recently, he said, the perpetrators waited four days for a farmer to come home. sleeping outside in the freezing weather. They could have broken into the house anytime, but instead they waited, he

The same occurred in Bothaville, where an ambush was laid for a farmer and his children. The attackers had apparently already gotten the keys to vehicles on the property and could bave loaded up and left anytime. But they waited until the family came bome at 6:30 P.M. and fired more than 19 shots at them. "If these are plain criminal acis, why like this?" asked Mr. Visser. Waiting around, that is just not how criminals behave."

The two men caught on the Pereira farm said they were Mozambicans who had been working as miners nearby but had been laid off. They spoke no Eng-lish or Afrikaans, but told police translators that they had been looking for work and were just trying to figure out how to approach the house to ask for jobs when they were surrounded.

Privately, the police officers said they believed this. The commandos. however, did not.

In Rare Trip, Syria's Assad **Visits France**

Compiled by Our Staff From Disputche PARIS - President Hafez Assad of Syria arrived in France on Thursday for his first official Western visit in 22

It is a trip that could mean a higher profile for Europe in the Middle East peace process and for Syria on the world

Mr. Assad's visit aims to pull Syria out of its diplomatic and economic iso-

The visit comes two months after Damascus began negotiations for an association accord with the European Un-

President Jacques Chirac mer President Assad on his arrival Thursday afternoon at Orly Airport, where the two leaders marched down a red carpet to

martial music. Mr. Assad was due to meet Mr. Chirac again Friday. He will be honored with an official banquet at the Elysees Palace IAP, Reuters)

■ Netanyahu Hails Assad Visit

Prime Minister Benjamin Netanyahu of Israel called President Assad "serions" on Thursday and hailed his visit to France, Reuters reported from Je-

"We think it's a good thing," he



President Chirac welcoming President Assad to France on Thursday.

U.S. to Punish Russians For Missile Aid to Iran

9 Groups Face Sanctions as Moscow Opens Probe

By Steven Erlanger

New Ford Times Service WASHINGTON - The Clinton administration says it will impose trade sanctions on nine Russian companies and institutions that have been helping Iran with missile development pro-

The action came as the Russian government announced an investigation into the nine enterprises for violating new export control laws worked out in cooperation with the United States.

The trade sanctions would be the first imposed by the United States on Russian companies helping Iran, though American assistance to seven of the nine companies had already been suspen-

The Russian assistance to Iran was largely in the form of research grants and scientific partnership programs originally designed to keep former So-viet scientists working after the collapse of the Soviet Union and to make sure they would not emigrate to help countries like Iran with weapons programs.

The Washington announcement was timed to head off a congressional effort to override President Bill Clinton's veto of a bill that would impose sanctions on any company believed — but not proven — to be aiding Iran's missile, nuclear or chemical weapons pro-

The House put off its vote on overriding the Clinton veto, which was scheduled for Wednesday. While the House is expected to vote to override, officials say they are working to sustain

ation Sanctions Act, was passed over-whelmingly by both houses and would affect Russian and Chinese companies the hardest. It was strongly supported by the pro-Israel lobby, the America Israel Public Affairs Comminee Mr. Clinton vetoed the hill for nu-

merous reasons, officials say. First, they feared it would create a nationalist backlash in Russia and make it harder to win Moscow's conperation on halting these

loosely organized rebels.
"We actually are having a hard time in our community understanding exactly who is in charge — who is in ident to waive the sanctions only for

reasons of national security, a high

threshhold for waiver. James Rubin, the State Department spokesman, said; "The standard of evidence is far too low. We constantly see evidence that is credible but just turns out to be wrong. That's not a serious way to do husiness in the international community.

Another senior official said the main issue was the need for Russian and Chinese cooperation to stop dangerous we can impose a few sanctions and

show our outrage and feel better, but in reality, that's often symbolic," the of-ficial said. "The real way you get to the heart of the problem is through the creation and effective enforcement of Russian controls, and you put that at risk with a confrontational sanctions

Vice President Al Gore, who is about to travel to Moscow, praised the Russian decision to investigate the companies as an "encouraging step forward."

The vice president has been frustrated

by the Russian help to Iran, because he has also had to be responsive to Israeli concerns about the danger posed by the Iranian nuclear, chemical and missile programs.

"We will continue to work closely with the Russian government at every level to close off exports of dangerous, destabilizing weapons technology." he said. "This includes imposing trade restrictions and suspending U.S. government programs or assistance to entities under investigation."

The restrictions will include bans on exports and imports and financial transactions, the officials said, which are more sweeping penalties than those called for under the vetoed bill.

The bill calls for a ban on the export to Russian companies helping Iran's missile program of specific commodities on the American munitions list or the Commerce Department's list of items that can have military use.

Targets of the investigation were identified by the White House as the INOR scientific center, the Grafit and Ployus research institutes, the Tikhomirov institute, Glavkosmos, the Komintern plant in Novosibirsk, the MOSO company, Baltic State Technical University and Europalace 2000.

BRIEFLY

More Than 50 Die In Chechnya Fight

MOSCOW - More than 50 people have been killed in a battle between Chechen security forces and Islamist paramilitaries in Russia's breakaway republic, the ltar-Tass press agency reported Thurs-

Tass, which said its correspondent was nnable to reach the scene of fierce fighting in Chechnya's second-largest town, Gudermes, did not say how many of the casualties belonged to which side.

The fighting broke out Wednesday when Chechen officials said their military garrison was attacked by Wahabist Islamic extremists. Wahabism is a conservative arm of

UN Experts to Test Iraqi Arms for VX

BAGHDAD — UN arms expens left Baghdad on Thursday with 80 samples of missile warheads that will be tested for traces of the deadly VX gas, a UN spokeswom-

Janet Sullivan said the samples were taken from a warehouse in the military camp of Taji, north of Baghdad, where the United Nations eps parts of missiles it has re-

trieved from a disposal site. The samples are to be taken to European laboratories for testing that should last a month.

Clinton to Extend Cuba Law Waiver

WASHINGTON - President Bill Clipton planned on Thursday to extend a waiver for another six months of a law that requires the United States to penalize foreign firms that invest in Cuba.

The White House spokesman, Michael McCurry, said Mr. Clinton was prepared to sign papers au-thorizing a renewal of the waiver of

the Helms-Burton law. The Helms-Burton law has been a source of great anger in Europe and elsewhere because it allows the United States to penalize foreign companies that invest in Cuhan property seized after the 1959 Communist revolution. (Reuters)

New Prime Minister Nominated in Haiti

PORT-AU-PRINCE - In a move aimed at ending a long political crisis. President Rene Preval has nominated Education Minister Jacques Edouard Alexis to be the new Haitian prime minister, ac-

cording to a leading lawmaker.

Mr. Preval said Wednesday in a meeting with the presidents of the Chamber of Deputies and Senate that Mr. Alexis was his nominee to replace Rosny Smarth wbo resigned 14 months ago. (Reuters)

For the Record

Yemen accused Saudi Arabia on Thursday of attacking its territory and seizing its land and said San'a sought a just solution to their border dispute. The borders be-rween Saudi Arabia and impoverished Yemen have been the focus of long-running feud.

DEATH NOTICE hate Frederick Christopher Philip and their are sad to announce the death of their father John Barnard ROBINSON
on Tuesday July 14th 1998
A memorial service will be held on
Saturdey, July 18th, at 10 a.m. at the
American Church 4 rue Alfred Vincent,
General
1255 Character.

12"5 Chesenex

NATO Backs Away From Kosovo Strike Ethnic Albanian Buildup Is Cited in Argument Against Intervention

By Steven Lee Myers

New York Times Service WASHINGTON - The aiready remote prospect of NATO military intervention in Kosovo has quickly faded as the Serbian crackdown there has let up and the rebels expand their campaign, Pentagon officials said.

A month after NATO warplanes staged a noisy show of force over neighboring Albania and Macedonia, the officials said Wednesday that the North Atlantic Treaty Organization had not ruled out the use of force to halt the growing civil war in the Yugoslav province. But they said that for now, the success of ethnic Albanian insurgents in the Kosovo Liberation Army had significantly undercut that possibility.

While NATO has drafted preliminary plans, including possible air strikes against Serbian forces in Kosovo, the officials said neither the United States nor NATO had any intention of helping the rebels in their campaign for independence from the Yugoslav government by bombing the Serbs.

"They need to know — and NATO has made this clear and the U.S. govaides met at the White House on Wed-

ried that the fighting could spread to neighboring countries, an event that would almost certainly draw in NATO, but that those fears had diminished since

NATO's headquarters in Brussels said Wednesday that NATO's military plan-ning had virtually ground to a halt and that the United States and its allies had focused their anention on diplomatic efforts to end the fighting. The officials emphasized, though, that NATO could still launch a strike against the Serbs on very short notice. "The emphasis is

ernment has made this clear - that the cavalry is not coming." a Defense De-partment official said. The officials said they remained wor-

the Serbs have eased their crackdown. Other officials in Washington and at

very much on the political side," a Western diplomat said.

Another meeting of the Cootact Group of countries monitoring the fighting the United States, Russia, Germany, Italy, Britain and France — is to take place in London on Tuesday. President

Serb Police Break Up Opening Of a Parliament in Kosovo

C. marched to the Staff Farm: Propulation

PRISTINA, Yugoslavia - Ethnic Albanian political parties inaugurated their first Parliament in Kosovo on Thursday, surprising Serbian policemen, who arrived minutes too late to thwart the opening of the session.

About 90 deputies attended the meeting in Pristina, led by the Kosovo Albanian 'president,' Ibrahim Rugova.
They had already elected a speaker and sworn an oath of allegiance when

AK-47 assault rifles then took up guard in their open vehicles outside while a dozen plaincloibes officers entered the

action ended with no arrests. An Amer-

ican diplomat from the embassy in Bel-

grade, Nicholas Hill, wimessed the raid,

but U.S. officials had comment.

the police entered. About 20 uniformed policemen with building and removed documents. The atmosphere was tense, but the

"The police were not brutal, but they were very tough," said Nekibe Kel-mendi, secretary of Mr. Rugova's Democratic League of Kosovo, the dominant ethnic party in the Alhanian-majority province. "We were given two minutes to pack up the papers."

A burst of applause from supporters

greeted him as he emerged later from his party's headquarters. There was no immediate statement

from Serbian authorities, who have been battling Albanian separatists. Neither Belgrade nor any other capital recognizes Mr. Rugova's parliament. While major powers continue to view Mr. Rugova as the moderate voice of ethnic Albanian aspirations, they acknowledge that his authority has been weakened by the emergence of the

Kosovo Liberation Army. An earlier effort to open a parliament (Reuters, AP) armed supporters in Kosovo. was also blocked.

nesday evening to discuss the situation.

In recent weeks, the United States and

its allies have become frustrated by the

rebels' apparent unwillingness to con-

sider a peaceful resolution. Compound-

ing the frustration is the confusion over

who, if anyone, can speak for the

charge of the military, who is in charge of the politics," an intelligence official

at the Pentagon said Wednesday, re-

The Serbian crackdown has eased

since NATO's air exercise June 15, in

which more than 80 aircraft coursed

across the skies over Albania and Mace-

donia. Although largely symbolic, the exercise showed NATO could quickly

A day later, President Slobodan Mi-

losevic of Yugoslavia met with President Boris Yeltsin of Russia and

tion was still possible, but those hopes

have dimmed because of the rebels, who are vowing to establish an independent

are overwhelmingly ethnic Albanians.

in size and strength since Mr. Milosevic

Still, the officials said, it is unable to

wage a sustained military campaign

against the bener-trained and equipped

Serbs. The rebels control their land,

While reports have suggested that

these officials said, because the Serbian

50,000 Serbs have taken part in the

fighting, intelligence reports indicate that only 10,000 soldiers from the

Yugoslav National Army are involved,

along with a smaller number of special

police units, the officials said. The

rebels, by contrast, have only 2,000 soldiers, although they can rely on the support of "tens of thousands" of

forces have not pursued them.

assemble air power in the Balkans.

pledged to halt the bloodsbed.

of the U.S. officials said.

ordered his crackdown.

ferring to the intelligence community.

the veto in the Senate.

The bill, the Iran Missile Prolifer-

Second, the hill calls for sanctions on the basis of "credible evidence" a low threshold of proof, and allows the pres-

Israeli Sold Out to Iran

Businessman Sentenced for Selling Gas Matériel

Complete the Lin Stay From Papers her TEL AVIV - An Israeli businessman was sentenced to 16 years in prison

Thursday for selling poison gas equip-'Over the past two to three weeks, ment to tran in a case of treason and intrigue that has gripped Israel.

The three-judge Tel Aviv District
Court panel wrnte in its sentence that the we've seen a definite leveling off and perhaps even drop in offensive-type of operations on the part of the Serbs," one crime of Nahum Manbar, 52, was That raised hopes that a political soluamong the worst security offenses in the

annals of Israeli criminal history The judges wrote, "How did the accused plunge to the lowest depths by selling raw materials for chemical warstare of Kosovo, whose 2 million people fare and the knowledge and equipment for the manufacture of nerve gas to a clear enemy state such as Iran?" The Kosovo Liberation Army, once a couple of hundred irregulars, has grown

Judge Amnon Strashnav said the defendant, a former paratrooper, sacrificed Israeli security "on the altar of un-fettered greed." He was convicted last month of aiding an enemy state, having supplied Iran with material for mustard and nerve gas and equipment to build munitions plants for chemical war-

At the close of presentencing arguments Wednesday, Mr. Manbar presented himself as an Israeli patriot who had never intended to harm his country. "Justice will come out," Mr. Manbar said before the sentencing. "It doesn't matter what happens today. Chemicals

were not sold to tran by me. Prime Minister Benjamin Netanyahu praised the coun's decision, saying:

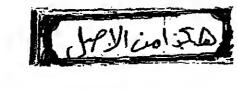
"The court did the right thing. This was a very serious challenge to the national security. An Israeli ciuzen provided the matériel of death to an Iranian regime that is committed to our destruction.

Mrs. Francine Manhar, his wife. speaking to Israel Radio via relephone from her home in Switzerland, suggested that her husband was being used as a scapegoat to cover up Israeli sales to Iran that violated a U.S. arms embargo. "I ask myself why my husband was the only one accused." she told the radio. "Israel wasn't selling only humus

and pita bread to Iran." Mr. Manbar's lawyer, Amnon Zichroni, who has alleged that presiding Judge Strashnov was improperly influenced by Mr. Netanyahu, said the detense would appeal to the Supreme Court to declare a mistrial.
Yossi Melman, a journalist who cov-

ers the intelligence services for the Ha'aretz daily newspaper, said Mr. Manhar started out selling defensive equipment, such as gas masks and gas detectors, to Iran with the knowledge of the Israeli defense establishment in the

But at some point Mr. Manbar allegedly began selling chemicals that can be used both in agriculture and in mak-ing poison gas, Mr. Melman said. Mr. Manhar was warned by Israeli intelligence in late 1993 to stop those sales, Mr. Melman added. (Remers, AP)



Don't Call It Journalism

For some time now, especially as elsewhere on the Disney family estate. media giants devour other media giants, synergy has taken on the elusive shimmer of a corporate grail. The idea has always been that various divisions of Viacom or AT&T/TCI or News Corp. would work together to promote one another's "product." An article from the magazine wing creates the book for the publishing arm, which then segues into the movie that launches the toy soldiers that - sold altogether by one hig mother company - make a ton of money for the happy stockholders.

Such all-purpose, multilayeted marketing of one idea or story or superstar works for Disney's "Lion King" or the keepers of Leonardo DiCaprio. But so far there is not much evidence that syoergy has been particularly good for an old-fashioned activity known as journalism.

A synergy collision last winter singed CBS News when reporters were spotted wearing the Nike "swoosh" at the Olympics, the unfortunate outgrowth of a lucrative financial deal between CBS Sports and Nike.

At about the same time, a CBS investigator was facing delays in her article on Nike's labor practices. Although CBS argued that the two matters were unrelated, one media ethicist ooted: "What next? White House and Capitol Hill reporters wearing Archer Daniels Midland lapel pins?

More recently. Time Warner stretched an underreported piece on nerve gas from CNN to Time magazine - proving that synergy can also allow several divisions to share one company's embarrassment.

What has reignited corporate hopes about communal creativity is the announcement of a Hollywood "media venture" being created for Tina Brown, Now set to hand the editorship of The New Yorker over 10 a respected journalist, David Remnick, Ms. Brown will soon enter Disney's huge kingdom to create a kind of movie magazine. Its exact nature is a bit unclear, but Ms, Brown says she is planning something that will churn out movie and tele-

vision ideas for her show hiz bosses. She is capable of making this project a popular success, of course, but for the writers and news consumers this deal has "wait and see" written all over it. How easy it would be to shed a little of the complexity or truth to make a story into a better television sitcom. How tempting it might become to trim any criticism of a superstar being promoted

As the media change, however, the basic rules and purpose of journalism do not. Fiction does not fly. News and advertising should be kept as separate as possible. A news consumer deserves to know about conflicts of interest. And, most important, journalism's highest purpose is to try to inform the public, more than feed the shareholders or entertain its huge audience.

All journalistic enterprises face a difficult challenge in applying the traditional standards of the profession to the exploding world of electronic comnunication, where commerce and journalism intersect in new ways. Readers of The New York Times' electronic edition, for example, can read a book review, then acrivate a link to Barnes & Nohle and order that book or some other. The same principles that have long insulated news coverage from advertiser interests can and should be applied in these new arenas to preserve the iotegrity of journalism, in this case the independence of the book review and of news coverage of book sellers. As Bill Kovach, curator of the Nie-

man Foundation, points out, the kind of synergy Ms. Brown has described cannot accurately be referred to as journalism because it perverts the raison d'être and intellectual process of news gathering. In mainstream journalism, the news article exists to provide information to the reader or viewer. In the upside-down world of Hollywood news, the story is created as the first step in the development of product for movies, a form that traditionally relies more on fiction than facts,

Veterans of the synergy wars say it is already at work "accidentally," which is to say with a kind of natural rather than managed momentum. A good book or magazine article can sometimes evolve into a good movie. tMore often, it seems, a good book turns into a lousy movie, and, almost always, a good movie tums into a lousy book.) Now a new element is being introduced. an adaptation of the forms of fact-based journalism to an industry where nothing, including the truth, is allowed to stand in the way of box office.

When something that looks like journalism is manipulated in a corporate laboratory, how long will it take before customers begin to equate synergy not with creativity but with simple greed and the vertical integration of news and entertainment organizations with mediocre and even unreliable reporting? - THE NEW YORK TIMES

TUZLA, Bosnia-Herzegovina—The fighting has stopped in Bosnia; 300,000 troops have been demobilized. People are starting, rather slowly and cautiously, to rebuild their homes. But the region is a long way from safe sailing

away from its storms of violence. Kosovo, as long predicted, brings a new threat of general war. It is even more complicated and difficult to unravel than Bosnia was, but there are similarities, including the nervous, in-

decisive reaction of outside powers.
Britain, France, Germany, Italy, the United States and Russia agree that they must take responsibility and cannot afford a repetition of the nearly five vears of hloodshed they witnessed in Bosnia. They do not want to use force, except in harmless displays such as the recent air show over Albania and Macedonia. They are dithering in hope of finding a policical compromise that

is growing more and more elusive.
The Western powers recognize that
if the level of fighting in Serbia's ethnic
Alhanian province of Kosovo becomes intolerable, they will have to act. But their reluctance serves as an incentive to the rebels to escalate hostilities.

There is a consensus that the hlame s essentially with Serhia's leader, Slobodan Milosevic, and the intense By Flora Lewis

repression of Kosovars that be has sponsored for nearly 10 years now, but not on how to deal with birn.

Bosnia somehow is supposed to provide lessons on bow to do better. There is a tendency for diplomats and NATO officials to cite Bosnia as a great success, proof that when they get lovolved, they can impose a solution

But Ambassador Jacques Klein, the U.S. deputy to the high representative of the outside powers, after listing all the achievements, admitted to a conference in Tuzla that "we have not yet built a peace that we can say with confidence will survive our departure."

The conference on "Southeastern Europe" ("Balkans" is a distasteful word that couotries of the region shun) was organized by the Aspen Institute in Berlin, the Council of Europe, the European Cultural Foundation and the King Baudouin Foundation to get people talking across the new borders and develop habits of cooperation.

It produced loss of technical ideas, such as federating oongovernmental organizations or rewriting history textbooks, and it was useful for people to

institution for regional cooperation provoked fears of an attempt to reestablish the defunct Yugoslavia that, it was said, only a firmly established European context could contain. And the European Union is not about to

embrace these unhappy states.

So there will cootinue to be a Balkan problem for quite a time. In the meantime, there is an acute Kosovo crisis.

There was a good deal of complaint among participants that the U.S. special envoy, Richard Holbrooke, who pushed through the Dayton agreement ending the Bosnian war, has uodermined a solution for Kosovo.

He arranged a meeting between Mr. Milosevic and the Kosovar political leader Ibrahim Rugova. It produced nothing positive and strengtheoed the criocs who say that Mr. Rugova's rejection of violence can get nowhere.

They want to fight, and they are getting a stream of weapons from Albania, where civilians stole at least 650,000 arms and millions of rounds of ammunition from army stocks when the country collapsed in chaos.

But who are "they"? There is a group called the Kosovo Liberation Army, hut Mr. Holbrooke complains that he cannot find the effective lead-

It Will Take Force to Stop the Fighting in Kosovo But even the idea of some kind of ers. Nobody is sure who is in charge. There is a mixture of gangs, some mujahidin infiltrating from Arab lands.

local chiefs and political militants. The Serbian army and police have overwhelming force, but if they use it the result would be worse than Bosnia.

Nobody speaks any longer of the red line" that then President George Bush drew against Serbian violence in Kosovo, yet it exists in an ambiguous way. How many have to die, for the powers to conclude that they must use their greater force?

There is no answer yet. Meanwhile, the hope for political change in Serbia has faded away. The opposition, which mounted an amazing series of demonstrations in the winter of 1996-97, has evaporated. Mr. Milosevic. who outwitted it with canny patience, is using the Kosovo crisis for a harsh new crackdown on Serbian universities and what remains of independent media. He is not a man to be bluffed.

It is painful to relive the self-deluding Bosnia scenario in which the belligerents just need to talk to make peace. There is no easy way out. Mr. Milosevic started it. He must pull back or be shoved back by outside armies. Waiting for "reason" prolongs the tragedy.

Yes to Autonomy for Kosovo, but Internationally Administered

JERUSALEM — Outrage at Serbian brutality in Kosovo is universal. But reluctance to use force against Slobodan Milosevic's army is understand-able, especially as it is clear that Russia would veto any UN Security Council resolution

mandating it. There is also reluctance to support the claim of Kosovo's ethnic Albanians to independence. Changing international boundaries in the Balkans would seem to amount to open-

ing a Pandora's box. The mantra we hear is "restoring the province's autonomous status" within Serbia and thus maintaining the integrity of rump Yugoslavia's international frontiers.

But this is a hollow formula. Whatever Kosovo's autonomous status meant in Tito's multinational federal Yugoslavia, it has no meaning in the present circumstances.

How can one envisage an autonomous Kosovo within now laying waste to ethnic Al-

By Shlomo Avineri

the autocratic. Serbian-dominated Milosevic regime? In Belgrade the regime controls the police, the army and the special forces, It has a virtual monopoly of the mass media, especially television. It manipulates elections, Opposition parties are equally manipulated by a combination of intimidation, hribery, thuggery and forcible cooptation.

Mr. Milosevic is a master of survival. Look how the opposition's victory in municipal elections two years, ago was turned around. What seemed to be a democratic spring has now totally fizzled out.

Can one imagine that in such a nondemocratic environment a truly autonomous regime for Kosovo would be possible, with free elections, a free press, equal access to television and the control of the police? Who will control the special units

banian villages and forcing their inhahitants into exile? Autonomy for Kosovo in a

nondemocratic Serbia is an oxymoron. It is meaningless. Yet autonomy, and not outright independence, may be the way out of the present circle of violence, if it is so crafted as to protect Kosovars from Serbian brutality while they still remain within Yugoslavia. The solution is to structure autonomy so that it would be administered in effect through an

international presence. Sucb a presence - which should have the necessary clout to be effective - would be based on a multinational force formed by the members of the Cootact Group, including Russia. It would supervise elections, guarantee freedom of the press and free access to television, enable political parties to organize freely, and have responsibility for law and order.

That is not what Kosovars ereignty fuzzy. But that is its want. It is obviously a compromise. But both sides could present it as a victory.

Ethnic Albanians would be protected by the international community. Serbia would be spared military confrontation with NATO or a UN-mandated force. Sanctions would be lifted, and Kosovo would still remain part of Serbia.

All this would leave the ultimate status of Kosovo in limbo. But the present situation is not yet ripe for final-status negotiations. And this solution would stop the fighting.

stopgap achieved recently by Richard Holbrooke, providing for intemational observers, is a step in the right direction.

There is no reason to imagine that Russia would object. It would be part of the super-

vising international presence. International lawyers might not like such an arrangement, as it leaves the issue of sov-

main merit. The status of the Republika Srpska under Dayton and that of the Palesinian Authority under Oslo are also ambivalent. There are times when ambivalence is the only win-win strategy.

If such a solution is not found now, deterioration and brutality will eventually lead. as in Bosnia, to a much deeper outside involvement and the danger of escalation.

Autonomy for Kosovo now, internationally administered. can prevent further destabilization. And when Serbia uodergoes a democratic transformation, the day may come for addressing the final starus of Kosovo in a calmer climate.

The writer, a professor at the Hehrew University of Jerusalem, is o former director-general of Isroel's Ministry of Foreign Affairs. He contributed this comment to the International Herald Tribune.

Keep the Libya Embargo

Other Comment

Herald Eribune

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Libya is starting to succumb to a kind of sanctions fatigue in which the memory of the original provocation fades and the benefits expected of normalization come to take on a rosy hue. This should not be allowed to bappen by any goverament decently interested in the rule of law and the safety of the skies.

. The embargo was imposed not out of any random pique at Libyan strongman Moanmar Gadhafi but as a result of intelligence findings that two Libyan intelligence agents had bombed Pan Am Flight 103 over Scotland in 1988. killing 270 people in the air and on the ground. The limited and targeted response at the United Nations was to deprive Lihya of internacional civilian air transport until it allowed justice to be done to the two Libyan suspects. The victims' families, the British and the United Nations agreed with the United States that this requirement had best be met hy a trial in American or British courts.

Since then, Colonel Gadhafi, cootending that the Americans and British could not mount a fair trial, has offered

Good Sense in the Duma?

President Boris Yeltsin has ap-

pealed to the patriotism and good sense of Russia's parliamentarians to gain

their support for more than a score of

proposals to reform a scandalously io-

efficient tax system, slash the gov-

emment deficit and arrest a growing

ted Duma to give Mr. Yeltsin what he

seeks could imperil the extraordinary

iotemaconal loan package agreed to

this week under strong urging from

Failure of the Communist-domina-

financial crisis.

A flurry of political clues suggests a succession of wispy, changeable and, sounding proposals for a trial some-where else. Firmly and rightly, successive presidents have said "no."

It is absurd at face for the Lihyan diciator to set himself up as the arbiter of international justice. A series of trials of Muslim terrorists in American courts has amply demonstrated the quality of American justice.

More recently, he has extended his efforts to break Libya's air transport isolation by attracting high-profile foreign visits or favorable regional political resolutions whose effect is to weaken the UN air embargo. The Italian gov-emment, while still respecting the embargo, unhelpfully chose this moment for an agreement to resume normal neighborly ties with its former colony.

It is a long time since Libva bombed an innocent aircraft out of the skies over Locketbie. The point of an air embargo may have dulled in some sectors of public and official opinion. But a gangster act of terrorism was committed, and the pursuit of its perpetrators must go on. - THE WASHINGTON POST

the United States. A key need is to

prevent devaluation of the ruhle, which would set off a fresh round of inflation,

propel millions more Russians into

poverty and almost certainly ignite a

A commitment to reform by the

Duma should raise foreign investors'

confidence, strengthen the ruble and

give the government a chance to re-

structure its enormously costly deht.

What the international lenders ask is, in

fact, what Russia in its own interests

- Los Angeles Times.

should have begun doing long ago.

new political crisis.

jeopardizes one of the central achievements of postwar American foreign policy - the stabilization and growth of East Asia. Even more dangerously. if it continues to fester, this crisis could undermine support for an open global economy and economic and political liberalizatioo across the world. The facts are bleak. In the last

TEW YORK - The fire

IN raging in East Asia toda

two years Indonesia's economy has shrunk by almost 80 per-cent, Thailand's by 50 percent, South Korea's by 45 perceot. Malaysia's by 25 perceot. Currencies and stock markets have plunged to unimaginable lows; unemployment and poverty are climbing to new highs.

The Clinton administration and the IMF had an initial strategy to deal with what began as a financial crisis in Thailand in June 1997. They assumed that it would he temporary and localized, and that the IMF would restore stability. All three assumptions have been

proved wrong.
The IMF's prescriptions have oot worked; currencies and stock markets continue to fall. The panic is now a de-pression and has spread beyond East Asia. Markets as large as Russia and Australia and as distant as Mexico and South Africa have been battered.

The prosperity and stability of East Asia are extraordinary achievements. Thirty years ago, most of these countries seemed stuck in the poverty that afflicted the Third World, and the regioo was the most troubled part of the globe.

In Indonesia, more than 300,000 people had died in moh riots after a failed Communistbacked military coup in 1965. Malaysia, in civil war from 1948, lifted its state of emergency only in 1960. China, Taiwan and the Koreas had all been through grueling conflicts in the late 1940s and 1950s. The Vietnam War was still in full fury.

A generation later, most of these nations had dramatically raised their living standards, substantially alleviating poverty and disease. Taiwan, South Korea and Malaysia, had begun liberalizing their politics as well. It was the fastest move out of misery in history.

The success of the region owes much to the hard work of its people but also to American foreigo policy. The United States fought two wars after 1945 to maintain stability in East Asia. It advocated economic and foreign policies that were adopted in much of the region. have already tried to quell unrest Germany, let alone Brazil, it controlled to the exclusion of

An Open Global Economy Needs Growth in East Asia

such as Brazil. Egypt and India - whose protectionism and central planning were obsered on by socialist governments and left-wing economists — East Asian regimes adopted policies that were broadly hospitable to free markets and free trade. They opened themselves up to foreign investment and multinational corporations and let

the private sector flourish. Throughout the Cold War they were consistently ano-Soviet, banding together to form the Association of South East Asian Nations, practically the only pro-American regional grouping in the world outside of NATO. For these policies they became the pariahs of the Third World, often branded as Amer-

ican stooges. In fact, the growth and stahiliry of East Asia have been a central achievement of American foreign policy in the postwar era, a living refutation of ooce fashiooable theories about American neo-imperialism, Third World dependence and the oecessity for socialism in poor countries. All this is at risk today.

If East Asia does oot begin to recover soon, the dangers to its own well-being are obvious, but those to regional stability and American interests are also great. South Korea's growing weakness makes that peninsula even more nnstable than it already was. Indooesia, a geographic absurdity comprising 2,000 islands and 1,100 dialects, could easily lapse into vi-

olence and begin splintering. The sudden shift in the balance of power away from Japan and toward China will not serve regional peace or American interests. Japan remains the second-largest economy in the world and a liberal democratic partner of America. Its decision to stay a noo-nuclear and largely nonmilitary power is a cornerstone of East Asian stability.

China, on the other hand, is a rising power in the midst of transforming its entire political and economic system, ruled by a regime seeking legitimacy. Great power transitions are never easy, but it is better when they happen slowly, surely and, in any event, not in an atmosphere of general crisis.

Most dangerously, the continued unraveling of East Asia's economies could derail economic and political liberalization across the globe. East Asia's governments

By Fareed Zakaria Compared with countries by sounding more populist and protectionist. Labor unions and oppositioo figures in South Ko-

rea, Thailand and Indonesia have begun demanding an end to the IMF-forced liberalization. Beyond East Asia, one can also see people drawing the wrong lessons in India, Egypt and Mexico, where intellectuals and politicians have begun to point to East Asia's fate as the reason not to move toward free

markets and free trade. Support for liberalization has always been weak in most of the Third World. But when a country is growing at 8 percent a year, the opposition to reform is effectively silenced. When it is growing at 0.8 percent, as Malaysia will probably do this year, opponents are emboldened and their arguments

gain currency. If the world appears to be divided ooce again between rich Western nations and poor non-Western ones, these fires of resentment will only grow.

What is to be done? The IMF's initial approach to this crisis was misguided in two vital areas - its requirements for low government spending and large-scale domestic reform. It treated East Asian countries as if they had the usual developing country disease - out-of-cooirol hudgets. In fact, most were running hudget surpluses, and had high savings rates and little inflation. In this context, an insistence oo a tight fiscal policy was unnecessary and probably

counterproductive. On the other hand, the Fund's insistence on tight monetary policy - high interest rates is an understandable compromise between those who advocate even stronger methods of maintaining the value of cur-reocy (linking it inflexibly to the dollar) and those who want deflation. Given the huge devaluations that have taken place across the region, some measures to restore confidence in East Asian currencies are not just appropriate, they are vital.

The requirements for domestic reform, especially of the financial sector, are based on impeccable economic logic. East Asia's economies do indeed practice a form of "crooy capitalism" with under-regulated banks and much nepotism.

But as a political matter, was this the time to attempt a radical overhaul? Many countries have major inefficiencies in their systems. Were the IMF to focus market-distorting mechanisms.

The IMF's reform requirements have undermined the legitimacy and support of East Asia's governments at a time of acute crisis. If the situation does not improve, we may well-seefive or six major countries including South Korea, which is an OECD member - default on their foreign debts and impose capital controls on their currency. Say good-bye to

globalization. Mexico recovered after its financial crisis of 1994 because. of that great sucking sound to the north — the U.S. ecocomy huying Mexican goods. East Asia's economies can grow their way out of their current misery only if Japan similarly fuels their export expansion.

With Tokyo's economy declining by about 3 percent this year, this seems unlikely. But the Japanese can solve this problem by spending and investing some of the vast sums they have, both in public and private hands.

But more than any specific ecocomic policy, the Clintoo administración must fashico an overall political and economic strategy for East Asia. The people of these countries oeed to be given the sense that ecocomic and poliocal liberalization has not caused their problems, that they are not being abandoned, and that the West — in particular the United States — is ready to help.

would surely find extravagant Bill Clinton and Robert Rusubsidies, cartels and other bin must push for a strategy of public rhetoric, loans and aid iovolving the major Western powers, the IMF and the World Bank, to give the people of East

Asia a sense of hope. The United States is associated around the world with the cause of globalization, a connection it should proudly accept.

political progress for hundreds of millions across the globe. But free markets and free trade are not naturally occurring and self-sustaining. They rest oo an edifice of politics.

The opening up of the world economy in the last 40 years has

led to enormous economic and

The last great flourishing of the world economy began in the late 19th century, with British power undergirding it. It collapsed in the 1930s, when the liberal capitalist states seemed to be foundering in depression while fascist and Communist states were rapidly industrializing. Next came the breakdown of the world economy, economic nationalism, increasing polit-

ical tension and world war. With U.S. leadership, we can make sure that Europe's past will oot be East Asia's future.

The writer is managing editor of Foreign Affairs and anthor of "From Wealth to Power: The Unusual Origins of America's World Role." This romment is adapted from a longer article in The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Catalonia Party MADRID - There has ap-

peared io powerful Catalonia, the golden province of Spain, n strong Separatist party, which disclaims the misrule of Spanish government, and has as the base of its programme semiindependence under the protection of France. The programme of the agitators is so unprecedented, and the influence of the members of the organization so great, that the Government seems at a loss as to how to grapple with this new trouble.

1923: No to Socialism

LONDON — Mr. Philip Snowden's resolution in favor of Socialism was defeated in the House of Commons. "I am determined to resist any system under which the whole field of industrial and commercial acits gaze on, say, France and tivity is publicly owned and

individual initiative," said Mr. Lloyd George, "If we are to prevent the workers from rusbing into experiments which would prove disastrous, it is essential that the House of Commons should redress the ohvious evils of the present system."

1948: Civil Rights CHARLESTON, S.C. - South

Carolina's Democratic party was ordered to permit Negroes to join. Judge Waring issued a preliminary injunction opening the registration books of the traditionally white party to Neroes. The Negroes charged the Democrats with discrimination in setting up two separate rules for primary voting and by drawing up "an unreasonable oath," The oath requires a pledge favoring social and educational segregation, opposition to the civil rights program and opposition to the fair employment practices code.



OPINION/LETTERS

Working to Unfreeze 'China Connection' Probe

WASHINGTON — Attorney General Janet
Reno told the Senate Judi
Justice Department hid its A Times editorial nailed down ciary Committee's Arien
Specter on Wednesday that
she was prepared to take

she was prepared to take

assigned to Pui

That was an apt metaphor for an investigation long encased in ice.

Twenty-one months ago, journalists discovered evi-dence of financial corruption then hastily bailed out as the in the 1996 political cambrail led into the White paign led by a band of Asian-House. Americans close to Clinton-

ported a connection to door Justice tearn was now

WASHINGTON — It took Camille Cosby to do what Bill Clinton could

Ennis Cosby opened a real

our son's killer to hate Af-

'I believe America taught

Her son's killer, Mikail

Markhasev, is an emigrant from Ukraine. "Presumably,

Refugees and AIDS

Regarding "Let's Not

We read with interest Mil-

licent Obaso's article and

would like to correct one pos-

sible misunderstanding. The

United Nations High Com-

missioner for Refugees'

policy does not prohibit vol-

untary AIDS testing in refugee camps. What should

among refugees, with the ob-

vious exception of testing

blood for transfusions. Sadly, HTV/AIDS is

Leave Refugees Unarmed Agoinst AIDS" (Opinion,

July 9) by Millicent Obaso:

she

dialogue on race.

rican-Americans."

Fadly

believe she is wrong.

First the investigation was she was prepared to take—
and in reality evade—his
questions about Chinese penetration of the White House
"until hell freezes over."
That was an art metaphor

dependent counsel by appointing a supposedly horshot San Diego prosecutor — who indicted small fry identified

illegal overseas money.

But even after the FBI rerevealed that the revolving-Beijing intelligence, the Reno disheartened and floundering. all along that secret intelli-

the reason: "If you want to prevent a ship from reaching its destination, just keep changing the navigators."

Confronted with this, the

attorney general sniffed: One newspaper editorial should not dictate public policy.

But this investigation was initiated by "leaks" in print from journalism to Justice, not the other way around. And the need to take it out of the hands of a deeply conflicted Americans close to Clinton-Gore who were fronting for Times reporters Don Van out, is supported by the man out, is supported by the man best in a position to know:

FBI Director Louis Freeh. Mr. Freeb has been worried

When, for instance, she

rency, she is, of course, right.

She names George Washing-

ton and Thomas Jefferson,

neither of whom is a surprise.

but then she adds Benjamin

Franklin and Ulysses Grant.

gence gathered by the Federal Bureau of Investigation and the National Security Agency ested in shutting down the in-

In November of last year. this former federal judge sent a 27-page legal memo to Ms.
Reno urging her to seek inpearance of one? dependent counsel that could

safely work with the FBI. Ms. Reno has that report in her deep freeze. Mr. Freeh will not make public his dis-agreement with her cover-up. But on June 19, the FBI general counsel briefed Senators Fred Thompson and Joho Glenn in detail on the contents of Mr. Freeh's dissent.

Wilson enjoyed telling. He might also have mentioned

the "coon songs" of the era. In her book "Terrible Hon-

esty: Mongrel Manhaman in the 1920s," the scholar Ann

Douglas tells us that "Alexander's Ragtime Band" was

one such song, Alexander be-

loquent name of a black man.

"Alexander's Ragtime

Band," the theme song for his

with Camille Cosby. America

many progressives accepted

The very success of the

Cosbys strongly suggests that

the country has changed. In

cans, blissfully ignorant of their own history, have al-most oo idea of its extent.

ever, this is not the history of

dry tomes but of stories told at

experiences of people still

alive, of entenainers who

could play Vegas but not stay there, of cab drivers in Wash-

ington who can tell you which

hotel first allowed blacks to

apparently, in the anger-cum-

In black America, how-

part of the dogma. No more.

who heard it,

"It is difficult." the FBI counsel reported Mr. Freeh to would make its way back to more compelling situation for the top White House policy-makers close to the Chinese operatives and most inter-the attorney general to inves-

ngate her superiors."

Did the law require Ms. Reno to have an actual con-

Not true, according to Mr. Freeh; such a Justice Department proposal was specifically rejected by a then-Democratic Congress as recently as 1994.

The Anomey General can consider appearance."
wrote the FBI director, "as well as acrual conflict, might

weaken public confidence. Senator Thompson reported that the ultimate conclusion by Mr. Freeh was that the independent counsel law, which arose from Watergate and was closely tied to campaign finance law, "should be triggered under both the mandatory and discretionary provisions of the statute."

The discretionary part is inescapable, Mr. Freeh pointed out, because ."the attorney general's chief investigator bas concluded that there is a political conflict of interest."

ing the comically grandi-To these revelations of di-Students of musical history rect opposition from the or mere students of history FBI to her unlawful misjudgknow these facts, but most ment, Ms. Reno took refuge Americans do not, I would bet in her power to impose all the plaid shirts in Ten- secrecy: "Our understanding nessee that Lamar Alexander was that the briefing was had no idea of the origins confidential."

Senator Thompson disagreed. Though Mr. Freeh's 1996 presidential campaign. detailed opinion was hers to and neither did almost anyone suppress, "as far as the oral part was concerned, we were And that is where I differ under oo restraints."

At a time when we jour-Birth of a Nation" on the list once was an indelibly, casually nalists are agonizingly exracist society. Racism was nor- amining our own sources and mal, unexceptional, so much a methods, we do well to recorruption affecting U.S. national security was unearthed by responsible reporters and is driven by fearless editorialists. Clintoo Justice would fact, the change has been so rather await subzero in dramatic that most Ameri- Hades.

At a recent embassy reception, I ran into Louis Freeh. The only thing he would say "You guys led the

When It Comes to the Code War, Even the Dataless Get Drafted

By Richard Powers

URBANA. Illinois — The Cold War criminating datum that can and will be may be history, but the Code War is held against you. only now beginning to heat up.

As more Americans do business on-line, Internet commerce has created new worries about the security of personal information. Many consider encryption — the techno-logy used to encode information and keep it private - to be the solution. As the networked world wires together our newly

MEANWHILE

digital dens, we are drawn into a struggle with as great a consequence as the geopolitical one that shaped the last half

This war has even embarked on its own escalating arms race. Recent revolunons in cryptography — a kind of Information Age Trinity Site detonation — have left America's Federal Bureau of Investigation. Defense Department, Internal Revenue Service, big businesses and private citizens all scrambling to redefine what may be public, what can stay hidden and who gets to hold the keys to the

encrypted material. Tucked away in this fight is the tacit concession that our lives are already taking place in a new kind of public sphere: the realm of the universally searchable archive. a map as large as the place it describes, dense with records on every recordable

So complete is the ascendance of universal bookkeeping that we have long since forsaken any hope of preserving the private
— that part of life that goes unregistered and now concentrate all rear-guard efforts on securing the secret — the registered data that only authorized personnel can call up. We have conceded the right to be recorded, and we quibble only over the question of

People who grow alarmed at what privacy they may be giving up each time they use the internet have not yet fully grasped how much they routinely reveal each time they dial the phone, subscribe to a magazine, join a club, draw a salary, enter a hospital, hook up to cable television or use their credit cards to make the most innocuous of purchases, even a throwaway novel at their local bookstore. (Ask the White House staff.)

The audit trail of the individual life is closing in on that moment when each person's every living day will become a the larger war f Bloomsday, recorded in complete detail is already lost. and reproducible with a few deft key-

Recently I bought a house, my first. I paid cash, as I have for everything I have ever bought. I have never taken out a loan or owned a credit card.
In part, I am the product of parents who

did not believe in debt. But I also vowed 20 years ago 21-year-olds are capable of endless naïveie — to leave as little of myself hostage to digital fortune as possible. Privacy might be a vanishing illusion, but back then one could still keep the public record to

A problem arose when I tried to get a phone line for my new home, however. When I called the local phone company, a voice on the computerized menu system indicated that my call might be recorded, to serve me bettet.

A cheery operator took my order and entered all my numbers into the proper fields on his screen. Then cheer vanished in the face of the available data.

He explained that my credit history showed a small problem. Impossible, I assured him. I've never used credit in my life. That, he informed me.

was the problem. My lack of a borrowing record all but proved that I was not worth Several faxes of once-personal documents, all transmitted over unscrambled lines, at last convinced the central computer of my phone-worthiness, and I succeeded in opening up yet another score of searchable records on my existence. I agreed to pay \$2

a month to keep my number unlisted, knowing full well that any self-respecting 13year-old could pull it up in minutes from one of several dozen easily cracked serv-Kafka, it struck me, was strictly minor league. Even the attempt to remain anon-

ymous now reveals more about a life than any life can possibly hide. The rise of systematic record-keeping itself created the idea of a right to privacy.

The technologies of writing, print, telegraphy, telephony and tape brought it into being. Now new technologies, far more fungible, leveraged and ubiquitous, are busy rendering the idea quaint.

So now we fight the battle of encryption. a war over who gets access to what data about whom. Years will pass before society will reach any meaningful consensus. But the larger war for a life lived off the record

The writer is the outhor, most recently, of We have already reached a point where "Goin," a novel. He contributed this com-even the absence of data is itself an in-ment to The New York Times.



Ph CHARAIT Las Supris Times Symfortic

discrimination.

emergencies

sions.

HIV infection spreads fast-

est in conditions of poverty,

powerlessness and social in-

stability - conditions that

generally prevail in refugee

equate facilities for confiden-

The establishment of ad-

By Richard Cohen

Mrs. Cosby Opens a Real Dialogue on Race

after he killed Ennis Cosby. Cosby's argument is, hownot. With one article in USA Mr. Markbasev reportedly ever, simply indisputable. It is Today, the wife of Bill Cosby said to a friend: "I shot a America as she sees it, and and the mother of the slain nigger. It's all over the Ennis Cosby opened a real news." The Americanization with that no one can quarrel. of Mr. Markhasev had seempoints out that images of slave owners adorn the paper cur-

ingly been swift. But he did not need to come to America to learn racwrote. I believe she has good ism. While it is certainly reason to think that. But I also present in America, it is also ism. While it is certainly embedded in the culture of Eastern Europe. It does not seem to matter that the region has few blacks. Bigotry is a Markhasev did not learn to triumph of the imagination hate black people in his native over both fact and common

and their slave ownership is, I confess, news to me. I did not know that. And that, in a way, is Cacountry ... where the black sense. Actual people, in population was near zero," fact, just complicate matters. mille Cosby's point; America looks different to blacks than Much of the rest of Camille

does to whites. Where, for instance, a white person might see the inclusion of D. W. Griffith's of America's top 100 films as an unexceptional acknow-

ledgment of the obvious, Mrs. part of the culture that even member that this fund-raising Cosby sees it as the acceptance of a racist movie, ugly down to its last frame. "This movie depicted black people as subhuman creatures," she wrote. Indeed it does. In one of the first responses

to the Cosby column, my Washington Post colleague Colbert I. King noted that Woodrow Wilson, a president who left his name all over the Washington area (a bridge, an institution, a boulevard, a high the dinner table. It lives in the school) was, by today's standards, a racist who presided over the institutionalization of Jim Crow in the nation's capital, Mr. King sees the Wilson Bridge as some Jews hear the music of Wagner: It has a pick up passengers - and. context that others miss.

Mr. King mentions "darkie anguish of a Camille Cosby.

LETTERS TO THE EDITOR JUDITH KUMIN. Geneva.

next step.

Regarding "Foith and Science: Is There Common Ground?" (Features, July 2): tial voluntary testing and counseling is desirable, but this usually cannot be done during the first, acute phase of Science describes the obnot be pursued as a matter of an emergency, when avail- servable and measurable, policy is mondatory testing able testing facilities must be Faith is pure speculation, aldevoted to ensuring a safe though it can be sophisticalblood supply for transfued. Fundamentally we are interested only in knowing if As the emergency situation some part of our person (especially our mind) can survive death. This may or may

present in all populations stabilizes, voluntary testing Mandatory testing has no public health justification. It grams should be made availdoes not itself stop the spread able to refugees and extended of the virus, it violates the to the local population as rights of the individual and it well. Unfortunately, provid-

leaves those who are idening such care is ultimately a
tified as HIV-positive open to resource question.

The writer is chief spokes-man for the UN High Commissioner for Refugees.

Detecting Spirits?

not have something to do with whether there is a god.

The challenge to science is

presence of spirits, which should be abundant if we are to believe the religious, Now that we are about to measure neutrinos, this should be a

> MONROE M. SOLOMKA. Bilbao, Spain.

Who Said What

Regording "If They Can't Behave, Too Bud for Them" (Opinion, July 9) by Richord

Mr. Reeves says that George Washington tried to warn Americans against 'entangling alliances." In fact, that expression was used by Thomas Jefferson in his first inaugural. Washington, in his farewell address, had warned against "permanent alli-

BERNARD SINSHEIMER Boulogne, France.

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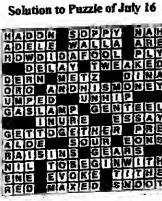
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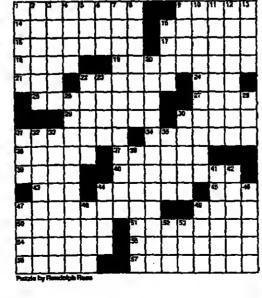
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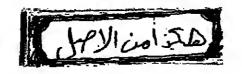
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INTERNATIONAL HERALD TRIBUNE FRIDAY. JULY 17, 1998 PAGE 10

Leisure

On a Hong Kong Menu, Kung Fu and Nostalgia to Go

By Alison Dakota Gee

ONG KONG — The bill of fare at Hong Kong's new Bruce Lee Café is meant to pay homage to a legendary screen idol. But somehow, culinary offerings such as Fish of Fury. Satay of the Dragon and Kung Fu Curry do not quite capture the mythic qualities of the martial arts hero.

Never mind. They do, at the very least, hint at Bruce Lee's remarkable resonance. li was a quarter of a century ago, on July 20, 1973, that Lee died at age 32 of cerebral edema, apparently brought on after he had taken too much aspirin. But for the people of Hong Kong, as well as for those all across the region, Lee - martial arts warrior, film star, cultural ambassador, philoso-pher and writer — remains one of the most popular icons of the 20th century.

Testament to his enduring power is everywhere in this small, two-story café and makeshift museum. There are shelves and shelves teeming with Lee memorabilia: T-shirts, ceramic figurines, coffee mugs and posters. His original nunchuckos (a weapon fashioned from two wooden sucks and a chain) and his somber hlack kung fu suit from "The Way of the Dragon" are displayed in a Plexiglas shrine. Covering every wall are movie stills that capture him, mostly bare chested and slick with sweat, in the peak condition of his short life.

But it is the images of Lee in motion that stun.

They flicker from television monitors, commanding foreign tourists and die-bard local fans, who have already marked a well-worn pilgrim trail here, to stand around the cafe's bar, silent and transfixed. All of Lee's fabled scenes play again and again: the 30-minute, meticulously choreographed pas de deux of primal blows, kicks and yelps performed by Lee and Chuck Norris in the Rome Coliseum at the culmination of "The Way of the Dragon." The passages from "Enter the Dragon," in which Lee moves slowly, silently into a darkened hall of mirrors while his adversary Han lies in wait.

In each of the cult-favorite scenes, Lee prowls the screen, his body radiating energy and anger, pectorals and hiceps twitching in building fury. He was the most charismatic person I ever

said Jon Benn, the American-bom restaurateur who opened the Bruce Lee Café. Benn. who moved to Hong Kong in 1970, has earned a minor international celebrity among Lee fans as the evil white villain Big Boss from "The Way of the Dragon." A businessman, not an actor, Benn met the Hong Kong movie mogul Raymond Chow at a cocktail party shortly after he

arrived from the United States.

'He came up to me and asked if I would like to be in a film with Bruce Lee.' Benn said. 'At the time. I had no idea who Bruce was but I said,
'Sure, why not?' Today, Benn regales the cafe
crowds with tales of his friendship with Lee, which flourished even after the movie

below a photograph of himself locked in a nocontest arm-wrestle with the actor. "On the set, he would suddenly drop down onto two fingers and do a hundred push-ups. Once, just for fun, he jumped up around nine feet and kicked a light-

bulb out of a ceiling fixture." When Benn opened the café in June. Lee followers finally found a place to gather, trade stories, pay their respects and yes, it must be said — shell out cash for more Bruce Lee

During July, there will be several Hong Kong venues at which devotees and the curious can celebrate his memory. On Monday, the anniversary of the day on which Lee died. Ray-mond Chow's saudio. Golden Harvest, will premiere "And Now You're Dead," an allaction feature starring Lee's daughter, Shannon.

On Saturday, the Hong Café Bruce Lee pays homage.
Kong-based Bruce Lee Fan Club will open an exhibition of memorabilia at the Hong Kong Arts Center that the words "shockingly comprehensive" can only hegin to describe. The collection is made up of almost every imaginable trace of Lee's existence, 10,000 items that range from the expected (laser disks,

"Bruce loved to show off," said Benn, sitting low a photograph of himself locked in a no-(a pair of his shoes and pants, a face mask and a credit card receipt for a \$12.55 shirt that bears Lee's signature — which a fan club member bought for \$1,300 at a Los Angeles auction.) Lee was born in 1940 in

San Francisco (his father was a Cantonese Opera comic actor who toured internationally), but he spent most of his boyhood years in Hong Kong. At the age of 3 months, he made his film debut in "Golden Gate Girl" (although appearing as a new-born girl, he was more of a prop than a character). By 1g, he was commanding starring roles in such local films as "The Orphan." His international debut came with a sup-

porting role in the American television series "The Green As Kato, the Homet's cruished American viewers with his kung fu prowess. Star-vehicle movies such as "Fists of Fury parlayed Lee into an international celebrity

and, in the process, placed the Hong Kong film industry on the map of world film. Some people think that Lee redefined the way

Asian men were perceived by moviegoers in the West — and indeed, by themselves. For Hong Kong Chinese living under British colonial rule. he became a vital symbol of personal and cultural strength.

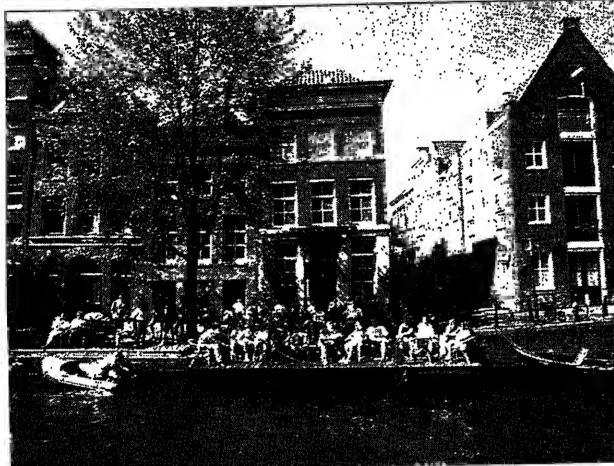
'My father took me to see 'The Big Boss' when I was 7 years old, "said Lawrence Cheng, spokes-man for the fan club. "Afterward, I could not sleep all night. I kept thinking about Bruce and asking myself, 'How could a Chinese man — or any man — be that fast, that strong? Bruce Lee completely changed the image of Chinese people.

It wasn't only martial arts enthusiasts who felt

so passionately about Lee. Film critics applauded his work as well. Law Kar, the programmer of the Hong Kong International Film Festival, said, Bruce Lee was not just a kung fu hero, he was a national hero. He might have made highly commercial films but he brought to life characters who inspired strong feelings against oppressive bosses, colonialism and the ruling class.

EE'S cinematic persona was that of a classical martial arts master. "He not only had great physical skill but high ideals and a defined philosophy as well," said Law, adding that Lee would always stand up for failen people.
"He spoke out and fought for what was ours." Law said. 'And what we continue to take from Bruce Lee is his purity.

Alison Dakota Gee is a journalist based in



Custamers enjaying Café Twist's sunny terrace an the banks af the Egelantiers canal in Amsterdam.

Amsterdam Rooms With a View 2 Hotels Offer Comfort Overlooking the Canals

By Geraldine Fabrikant New York Times Service

MSTERDAM In many cities the hotels with the best and locations views command the highest prices. But in Amsterdam a web of canals threads through the central city, insuring that even those without deluxe accommodation budgets can ensconce themselves in rooms with glorious waterfront views.

My daughter, who works in Amsterdam, has become an expert on hotels and restaurants that tourists often overlook. For my visit in March, she suggested the Ambas-

sade, a hotel created out of 10 adjacent houses four and five stories high along the posh Herengracht (one of the city's central canals) that the two owners began converting in 1953. A 10-minute walk from the heart of central Amsterdam, the small, intimate and elegant Ambassade is not precisely a business hotel: There are no answering machines or faxes in each room, although voice mail has since beeo introduced.

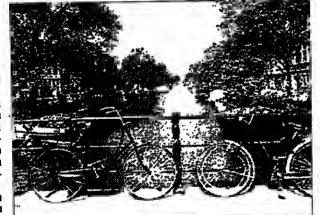
For those who want a slightly larger hotel but like the notion of living in the period houses the Dutch favor, there is the Pulitzer, also close to the heart of the city, but with 224 rooms and a more institutional feel.

The staff at the Ambassade is efficient at taking messages and making restaurant reservations as well as finding museum and train schedules, so a business traveler seeking a bit of atmosphere need not feel out of touch.

The Ambassade's rooms are \$160 a night and suites are \$210, with tax tat 2.03 guilders to \$1). My spacious room had a double bed with large, soft pillows and a thick yellow bedspread-comforter, which came in handy.

Breakfast, which is included in the room price, can be ordered through roum service. It arrived punctually, and we discovered that the Dutch version of a Continental breakfast is far more ample than the French edition. Our breakfast included boiled eggs, orange juice and three different breads.

Breakfast in the Ambassade's dining room, with its gleaming lacquered white walls, is itself a treat. The glass panes of the two-story windows are meticulously an art gallery and a new business center



A web of canals threads through the central city.

polished, and the white and blue tablecloths are just as painstakingly ironed. The buffet offered a selection of cereals

and voguri. There is no bar as such, but one can order drinks in the large sitting room. which has a dramatic view of the canals and is furnished with some stunning antiques, including a signed 1700s Dutch grandfather clock.

My outdated guidebook said that the Rijksmuseum was closed on Monday. but the hotel staff knew that major museums are now open seven days a week. They also quickly got the train schedule for the Hague when I made a pilgrimage to the Mauritshuis, one of the country's greatest small museums.

Umbrellas are a necessity in the Netherlands, where it rains often. A large collection sits in the lobby, and guests can use them for the day.

Though the hotel now has just 52 rooms, the owners are remodeling the 10th house, which faces the Singel canal, and will have six more rooms and a second elevator by the end of 1999. About two-thirds of the rooms face directly onto the canal, so be sure to ask and reserve well ahead. Even in rainy March, the hotel was heavily booked.

Early last year the Ambassade opened a flotation-tank and massage center down the street. Floats (\$27 for 45 minutes) and massages (\$32 for 45 minutes) are often booked in advance;

reserve oo arrival or earlier. In contrast to the tranquil, cozy Ambassade, the Hotel Pulitzer, now an ITT Sheraton, bustles with three restaurants,

puters, faxes, laser printers and mobile phones.

Like the Ambassade it is made up of a series of internally joined landmark homes that border two canals. in this case the Prinsengracht and Keizersgracht.

Many of its 224 rooms in

the 24 adjacent buildings offer water views as extraordinary as those at the Ambassade, and the staff at the Pulitzer, though more harried, attempts to he accommodating.

The Pulitzer is larger and more impersonal and more oriented to the business traveler. Because the hotel owns houses on two canals and has interconnected them, the

lobby essentially runs from the entrance on the Prinsengracht through to the main restaurants, which are on the Keizersgracht. The lobby now includes a lounge that serves coffee and snacks beginning at 8 A.M.

HE ordinary decor could not undermine the stunning views across
the Prinsengracht from my fifthfloor room. Those views are particularly magical at night. Not only are the most popular bridges illuminated with tiny lights around their arches, but in the center of Amsterdam, many buildings are illuminated, too.

Although my room at the Pulitzer overlooked the water, some rooms are on the lovely interior garden and some are on an internal courtyard. The rooms on the canal and the garden cost \$278 to \$303 a night. All have data-port phones and a handful offer faxes, copiers and larger desks. The rooms on the court-

vard are \$241 to \$283. At the Pulitzer, breakfast was not included in the room price. The informal dining area overlooks a canal and a slew of shops including a flower stall where. even in the pouring rain, plants were everywhere. The \$17.75 breakfast included a buffet table with cereals. scrambled eggs, sausages and bacon. Hotel Ambassade. 341 Herengracht,

1016 a:: Amsterdam: telephone (31-20) 626-2333: fax (31-20) 624-5321 Hotel Pulitzer, 315-331 Prinsengracht: 1016 gz Amsterdam, (31-20) 523-5235; fax (31-20) 627-6753.

With both hotels, a written confir-

London: Sights for Summer City's Treasures

Off Beaten Track

ONDON - Dark, serious London opens up like a relieved flower in the summertime. The spectacular blooms and new broods of ducklings in the parks; the residents in short sleeves and flowing dresses; the young office workers enjoying after-work pints on the sidewalk at pubs - all conspire to lift the mood.

By Sarah Lyall New York Times Service

With many residents on extended vatain's capital is freed from its usual grip of gridlock and annoyed pedestrians. That means tourists are competing mostly with other tourists, and while the city's top attractions — the Tower of London and the Royal Palaces, to name two - deserve their status as required stops for visitors, it's worth taking time to wander off the beaten track.

Stroll through Hampstead Heath, which has pathways so far from the crowds that you may see nobody else at all. Visit Richmond Park, which has herds of tiny, tame deer, or investigate the myriad outdoor concerts, plays and other performances held around the city and farther afield.

Hampstead Heath is lovely and wild: Kenwood House, set on its edge, is stately and grand. Summer is marked there by a series of outdoor weekend concerts by the lake, including Tchaikovsky Classics on Aug. 1 and a Gershwin Centenary Celebration on Aug. 8. Times and ticket prices vary. For information and reservations call

(44-171) 413-1443. An evening at Shakespeare's Globe Theatre, painstakingly reconstructed to its 17th-century origins, allows audiences to enjoy culture as the Elizabethans experienced it. The repertory this summer includes "A Mad World, My Masters," by Thomas Middleton, and a delightful production of "As You Like Guided tours are offered until 12:30 P.M. The Globe is at New Globe Walk,

Bankside, SE1; (44-171) 401-9919. The Queen's Gallery, next to Buckingham Palace, has a year-round pro-gram of exhibitions of the art that the monarchy has amassed over the years. This summer's show, "The Que Albion," runs through Oct. 11. The Oueen's Gallery features British paintings from the 1500s to the early 1900s. Among others represented are Hans Holbein the Younger, Hogarth, Reynolds and Gainsborough. Open 9:30 A.M. to 4:30 P.M. daily (last entry at 4 P.M.).

With is permanent collection of preternaturally large jewels, the Tower of London certainly deserves its status as London's top tourist attraction. Through Sept. 13, the Royal Armories in the tower host to "Treasures From the Moscow Kremlin," with spectacular items from the 17th and 18th centuries. Open 9 A.M. to 6 P.M. Monday to Saturday and 10

A.M. to 6 P.M. Sunday. The Victoria and Albert Museum has just opened a gallery to show off its collection of 300,000 photographs. The first exhibition, through Nov. 8, includes a survey of photographic processes, starting with a daguerreotype made in Trafalgar Square in 1839. Photographers represented include William Henry Fox Talbot, who invented positive-negative photography; Edward Steichen; Nan Goldin; Henri Cartier-Bresson, and Irving Penn. Open Monday, noon to 5:45 P.M.; Tuesday to Sunday 10 A.M. to 5:45 P.M.

It has been derided as an instant monument to outdated architectural styles, but the new British Library at 96 Euston Road is worth visiting for its first-rate exhibitions. Among other treasures, it houses Shakespeare's First Folio of 1623: a Gutenberg Bible, prin-





Carnaby Street, top; shop an Partobella Road, left; Trafalgar Square.

ted circa 1455; Magna Charta, and original manuscripts by the likes of Jane Austen and Thomas Hardy. Other exhibits examine writing, children's literature, scientific books and the history of book production. Open Monday. Wednesday, Thursday and Friday, 9:30 A.M. to 6 P.M.; Tuesday to 8 P.M.; Saturday 9:30 A.M. to 5 P.M., and Sun-day 11 A.M. to 5 P.M.

S Dickens makes clear, London takes much of its character from the Thames, and there are lots of ways to navigate it. If you sail to Greenwich — a 50-minute trip — stop at the Old Royal Observatory, home of Greenwich Mean Time and the Zero Meridian. Two companies operate boats to Green-wich: Passenger Boat Services, which leaves from Westminster Pier, and Catamaran Cruises, which leaves from Charing Cross Pier.

Greenwich is a scene of high end-ofcentury excitement these days, as the country builds its enormous Millennium Dome on the spot where 2000 officially begins. The Old Royal Observatory, founded in 1675 by Charles Il to solve the problem of how to sail the seas without getting lost, is behind the National Maritime Museum on Romney Road. Hours are 10 A.M. to 5 P.M. daily.

A VARIETY OF RESTAURANTS

Since it opened in January, Pharmacy has become one of London's mendiest restaurants. It is partly owned by Damien Hirst, contemporary art's aging enfant terrible, and is decorated with. among other things, his medicine-cab-inet installation filled with boxes of pills (to make you think about mortality), Waiters in the downstairs bar are dressed in surgeons' white coats. Appetizers include home-salted cod and aubergine caviar with balsamic dressing; as a main course, there is roast duck with white peaches and large french fries. Dinner for two, with wine, comes to about \$135. The restaurant is at 150 Noming Hill Gate, W11; (44-171) 221-2442.

The Oxo Tower, on the south bank of ! the Thames, has views over the city and modern British food. Dinner might include a grilled mushroom filled with snails as an appetizer and roast monkfish wrapped in Parma ham with shaved fennel and celery salad, with sautéed potatoes and aioli as a main course. Dinner for two, including wine, comes to \$200. Oxo Tower Wharf, Barge House Street, SE1; (44-171)

Of all the ethnic cuisines in London, Indian is the most sophisticated and the most prevalent. The acclaimed Rasa W1, younger sibling of Rasa, a popular restaurant in North London, serves vegetarian food of the southern Indian province of Kerala, and includes extensive and mouth-watering descriptions of such dishes as moru kachiothu, a sweet-and-sour combination of mangoes and green bananas cooked in yogurt with chilies, ginger and fresb curry leaves. Dinner for two with wine: is about \$50. The restaurant is at 6

Dering Street, W1; (44-171) 629-1346. Villandry, 170 Great Portland Street, W1; (44-171) 631-3131, is both a restaurant and one of London's finest food shops. The menu changes twice daily: offerings might include grilled calves' liver with broad beans, girolle mush-rooms, peas, bacon and shallots as a main course. Dinner for two with wine

is about \$120. In the heart of Soho, Yo! Sashi is a playful manifestation of London's love affair with Japanese food. Customers at a counter grab sushi and salads that move along a conveyor belt. Drinks are served by a little robotic cart on wheels. On average, dinner for two with wine costs \$48. Open noon to midnight daily at 52 Poland Street, 47 W1; (44-171) 287-0443.

Londoners take their retail breaks in the Fifth Floor Café of Harvey Nichols, on Brompton Road, with its small tables, brisk turnover and magnetic effect on celebrity shoppers. The small, simple menu includes soups, smoked salmon and salads. Lunch for two with wine is about \$70. (44-171) 823-1839.

crazed dangerous

FREQUENT TRAVELER

Designs for Hotel Living

By Roger Collis

ONDON has always been well endowed with small, luxury hoiels, what some people call town-bouse hotels, boulique hotels or baby grands, ranging from country-bouse classic to contemporary and often deliciously eccentric.

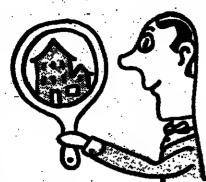
These are bidden gems - upholders of bygone grace and tradition. Typically, they are privately owned, independently run and quite as expensive as the Savoy. Ritz. Connaught or Claridge's. But the best of them often achieve that elusive amalgam of comfor, friendliness and efficiency that I call hospitality.

Now a new wave of "design" botels have joined the genre — hip homes-away-from-home that are "concepts" where everything behind the Victorian and Edwardian facades, from the visual choreography of the lobby, with chairs you are likely to sit in the wrong way, to the bedside reading light and the toothbrush holder, is a tribute to the interior designer's genius. What they have in common is that they are all different. Design hotels are supposed to reflect who you are — or who you aspire to be.

'They are called 'design' hotels be-

cause they are designed to meet the needs of mainly young, afflueot, imageconscious travelers who want to feel that their lifestyle is reflected by where they siay, said Nigel Massey, a Londoo consultant. They break all the ground rules of classic hotels: They are sensationally different, simple in design, elegant and very fashionable. They attract people from the four M's — the music, modeling and fashion, movies and media industries - creative people and executives who love these kinds of hotels. They are hip, cool, at the cutting edge of design in what they do, the cars they drive, what they wear. And hotels are merely an extension of that.

People really started talking about design hotels around the time the Halkin opened in 1991, followed by the Metropolitan last year. They've both taken Londoo by storm. Then you have the Malmaison hotels, where they've taken landmark buildings like churches and warehouses, gutted them and created



stylish interiors behind the original facades. They've been a tremendous

The Halkin and the Metropolitan are the brainchild of the fashion guru Christina Ong who lives in Singapore. The Halkin, just behind Hyde Park Corner oo a quiet Belgravia street, offers chic Milanese design and Italian food and a wealth of high tech. Guestroom corridors curve at a gentle angle and ceilings arcb downward to meet the walls. All 41 rooms bave dual-line phones, a fax machine with your personal number, VCRs, mulochannel cable and satellite TV, a wall safe and a personal bar. A Teletype center gives instant access to market and news reports and there are private rooms for business meetings and secretarial ser-

HOT SPOT TO HANG OUT

The Metropolitan off Park Lane, larger with 154 rooms, has similar clean lines, with light hardwoods and marble and natural fabrics. Bedrooms are crisp and comfortable with three phone lines. U.S. and U.K. modern points, voice mail and desks you can spread out on.
There's a high-tech gym with awesome stepping and rowing machines, a café/ lounge-cum-bar, one of the hottest places in Londoo to hang out, and Nobu, a Michelin-starred restaurant and sushi bar serving "oew-style" Japanese

Nicholas Rettie, general manager of the Halkin and the Metropolitan, said,

Conspiracy theorists, consider

"Travelers in the late 1980s who looked out for small bounque hotels were getting tired of chintz fabrics, fluffy curtains and four-poster beds. They were looking for the kind of modern design they have in their homes and offices. The idea is when you travel you go for an experience.
Design is important, but it has to be style that you feel comfortable with." Light-years away from any design you could ever imagine is the Porto-bello, near the Portobello Road market

in the beart of Notting Hill. The oldest, most eccentric design hotel in London, it has been a haven for movie people, fashion celebrides, music and media folk for nearly 26 years. It is funky and fun with just 20 bedrooms decked out with a hodgepodge of antiques and military paraphernalia and a mixture of four-posters, a ship's bunk and even a round bed specially made for Alice

David Naylor-Leyland is owner of Dukes, a 62-room botel tucked away in a gaslighted courtyard off Piccadilly, a haven of good taste, comfort and relaxed charm. Rooms and suites are individually decorated and furnished with period furniture, objets d'art, fine paintings and porcelain, along with marble bath-rooms. Bartender Gilberto Preti is said to mix the meanest martini in town.

The Egerton and Franklin are smaller versions with 30 and 47 rooms, respectively. They share a terrace of Victorian town bouses overlooking a lovely tree-

lined Knightsbridge square.

Ken McCullough, Scottish hotelier
and founder of Makmaison Hotels, said. "I think 'design' is a dangerous term; I wouldn't like to put a label on what we're doing. We started in 1994 with the idea of creating hotels that were high on style classic contemporary design, but not gimmicky, design that would last — and good value for money — less than £100 [about \$160] a night. We talk about botels that are different. People love it."

Malmaison has taken distinctive buildings — the Glasgow hotel was a church, Edinburgh a seamen's mission, Newcastle a quayside warehouse - and created stunning interior designs that work with the original architecture and setting. McCullough plans to open Mal-maison hotels in London, Milan, Rome, Paris and the United States.

THE X-FILES FIGHT THE FUTURE Directed by Rob Bowntan.

this: What if the hush-hush atmosphere and Internet mania surrounding the first 'X-Files" feature film were part of a giant plot to hide the uneventfulness of one more summertime sci-fi fizzle? It's as possible as much of what "The X-Files: Fight the Future" has to offer. If devotees of the television series come to the film with enough baggage for a six-week safari. perhaps they can deepen the experience of watching a middling, unfocused action-adventure with brand-name appeal. But there's a caich: This film isn'ı tailor-made for true X-fanarics, because the material has been so broadened to accommodate the uninioated. Trust no one who dreams up an action sequence in Antarcoca for the big screen. No. no and you must be joking. Those are the answers to the first three questions that the pros-pect of an "X-Files" movie

raises: Do Scully and Mulder get extracurricular while hunting extraterrestrials? Do they solve all the series' outstanding mysteries? Will there be a sequel? The movie teasingly offers the prospect of big developments in the television X-plot, but all it really does is create a vague omnibus formai for future movie spinoffs. That may make it a crossover hit quicker than you can say Trekkie, bul a lot of the show's otherworldly intensity bas been lost in the process. Meanwhile, the movie may raise more questions than it meant to when it offers glimpses of alien troublemakers. Reaching for run-ofthe-mill grisly horror, it winds up attributing sophisticated global-domination plans to vicious, long-clawed spacelings who are more prone to screams than schemes. Without making much connection with the end-of-season tele-

Gillian Anderson and David Duchovny in "The X-Files."

MOVIE GUIDE

starts off in Ice Age Texas, where aliens lurk in weil for Early Man. Thirty-seven OUT OF SIGHT Directed by Steven Soder-What place is this? Where are thousand years later. Texas we now? Well, the beautiful has heated up, but the aliens modus operandi hasn't much changed. A nicely diabolical early scene shows a linle boy savaged by the invasive virus escapee from a Florida prison nicknamed the black oil. Typically, as it works to cover too camp. Unfazed by the .70. many bases, the film menoons the virus again but never follows through on one of its best dumps her in the same trunk, special-effects tricks. But the climbs in with her, and a cotouch of X-iness that will matter most to both dichards and career criminal; she's a U.S. neophytes is the film's prom- marshal. Naturally he begins ise of heightened conspiration of lirt. Naturally, she flirts tion in hint at all, only hard, orial activity between Scully back, even as she reaches for cold hunger. He's as scary as (Gillian Anderson) and her new SIG-Sauer 380. a they come, and his nastiness gives "Out of Sight" its spe-Mulder (David Duchovny), gift from Dad. Where are we And bere's where it does the now? We could only be one cial sting. The movie is goodmost mischievous teasing, place: in the loopy, vivid, good. (Stephen Hunter, WP) since the story's big Antarctic spectacle seems warmer than the not-quite-love-affair. The film contrives a fairly strangled declaration of fond-ness from Mulder, a nearclinch and a wild idea of how to get a heroine out of her clothes. This last episode, unfolding in a huge set that resembles a giant carburetor. doesn't actually glimpse Scully in the nude or goad

world of Elmore Leonard, whose "Out of Sight" has just made it to the screen, with George Clooney as the goodbad guy and Jennifer Lopez bad bad-good girl. Note the, punctuation in the qualifiers, please. That small dot beween the words explains what's so fascinating about Leonard. The key to nearly everyone's character and motive is the hyphen that balances an equipoise of contradictions, the opposing values. Almost no one is pure, asin pure evil or pure good. Sieven Soderbergh handles the time shifts adroitly, always keeping us on track; he goes easy on the violence, and when he does unleash it, it's short, fast and ugly. He un-derstands the dangers of guns. And he captures Leonard's trademark fascination with 12-gauge pump out of her car truly, jacks a shell into the chamber and collars a filthy essary, but who hides it becaliber bore looming before him, he strips her of the gun, real chill to this bad boy's badness. His advantage is that unlike all the others in the hort drives them away. He's B cast, be has no hyphens in his character, there's no opposi-

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ARTS GUIDE

AUSTRIA

Palais Herrach, tel: (1) 525-244-03. open daily. Continuing/ To Aug. 9: "Herry Moora," An exhibntion of 85 sculptures and 40 drawings by the British sculptor (1898-1986).

BELGIUM

Koninklijk Museum voor Schone Kunsten, tel: (3) 238-7809, closed Mondays. Continu-ing/To July 26: "Pieter Breughel la Jeune et Jan Brueghel l'Ancien: Une Famille de Peintres Flamands vers 1600." Approximately 20 works on paper and 130 paintings by the sons of Pieter Bruegel the

BRITAIN

layward Gallery, tel; (171) 928-3144. open daily. To Sept. 6: "Bruce Nauman." Video installalions, neon signs, films and draw ings by the American conceptua

artist (born 1941). National Gallery, tel: (171) 747-2885, open dally. To Oct. 11: "Venice Through Canalatto's Eyes." Paintings and drawings trace how the Italian painter (1697-1768) captures the splendor of Venice's festivals, regattes and ther ceremonies.

www.nationalgallery.org.uk

Jardine du Palais-Royal, open 7 A.M. to 11 P.M. To Aug. 31: Jacques Lipchitz." Sculptures by the Lithuenian-born sculptor (1891-1973) are exhibited in tha

18th-century gardens.

Musee du Louvre, tel: 01-40-2051-51, closed Tuesdays. Continuing/ To Sept. 21: "L'Apparence des Cieux: Astronomia et Astrologie en Terre d'Islam. Islamic cele spheres, astrolabs and manuscripts dating from the 10th to the http://mistral.culture.tr/louvre

GERMANY

Romisch-Germanisches-Mus

Mondays, To Aug. 23; "The New World of the Greeks; Ancient Art world of the Greeks, Alicelli Attrom Lower Italy and Sicily." 200 sculptures, bronzes, vases and pieces of architectural omamentation, sparming 500 years of Greek

GERECE

Benaki Museum; tel: (1) 361-1617. To July 26: "From the Por-traits of the Fayum to Byzantine Icons," Painted at tha tima of the Roman colorization, the portraits - lound attached to the mummlfied bodies - were excavated in the Fayum area.

Palazzo Strozzi, tel: (55) 26-241, closed on Tuesdays To July 26. "Caterina la Grande." Approxi-mately 200 works from tha Har-mitage Museum in SI. Petersburg, built under the aegls of Catherine II, Empress of Russia and patron of the arts, in the 18th century.

Galleria Cívica d'Arte Moderna a Contemporanea, tel: (11) 562-9911, closed Mondays. To Sept. 13: "Bruce Chatwin, Photographer." Photographs by the travel writer (1940-1989).

Marugame Genichiro Inokuma Museum of Modern Art, tel: (877) 24-77-55. To July 19: "Georges 24-77-55." works by the French painter (1882-1963). His association with Picasso until World War I led to the development of Cubism.

National Film Center, tel: (3) 3561-0823. To Aug. 15: "Brett Weston and American Photographers." Brett Weston (1911-1993), is e son of Edward Weston, one of the pioneers of Amarican photography. The show brings together a selection of the works tographs by Imogen Cunningham, Walker Evans and Diane Arbus.

RUSSIA

rently axhibited: "Schliemann, Petersburg, Troy." Objects axcav-ated by Heinrich Schliemann on the site of ancient Troy in Turkey in tha 1870s. Donated to Garmany by the archaeologist, the treasure, which dates back to the third milennium B.C., was brought to Mos cow by Russian troops at the end

SINGAPORE

Asian Civillsations Museum, tel: Asian Civilisations Museum, tel: 338-00-00, closed Mondays. Continuing/ To Aug. 16: "Paintings by Zhejiang Artists of tha Ming and Qing Dynasties." A glimpse into the art of the rarely shown Chinese artist Chen Hospital. artist Chen Hongshou. His works and those of other contemporary artists attest to the creativity of classical Chinese painters in fig-

urative works. Singapore Art Museum, tel: 332ing/ To Sept. 13: "The Origins of Modernart in France, 1880-1939." Paintings and sculptures by Impressionnists and French Post-Im-

SPAIN

Museo Nacional de Arte Reine Sofia, tel: (1) 467-50-62, closed Tuesdays, Continuing/ To Aug. 31: "Diseno Industrial en Espana: Un Siglo de Creacion a Innova-Documents industrial design in Spain since the middle of tha 19th century.

SWITZERLAND

Fondation de l'Hermitage, tel:
(21) 320-50-01, closed Mondays.
To Oct. 11: "Futurisme, 19091944: L'Italie Face a la Modemite." como Balla, Umberto Boccion Carlo Carra, Luigi Russolo and Gino Severini were the main representatives of the Italian movement that started in the 1910s, the first ettempt at a dispiction of life being penatrated by machin new technologies. The exhibition brings together 130 paintings, sculptures and works on paper.

TAIWAN

Taipei Fine Art Museum, tel: (2)

artists from Talwan, China, South Korea and Japan.

UNITED STATES

The Getty Center, tel: (310) 440-7360, closed Mondays. To Aug. 23: "Landscape Drawings, 1500-1900." A celebration of nature in . the drawings by Rembrandt, Titian. Poussin, Seural and van Gogh. OS ÂNGELES

Museum of Modern Art, tel: (212) 708-9400, closed Wadnesdays. Continuing/ To Oct. 13: Continuing/ To Oct. 13: "Bonnard." Nearly 100 paintings by the French painter (1867-1947). His work includes landscapes, sti lifes, interiors, the celebrated bath paintings of his enigmatic wife and self-portraits.

www.moma.org Museum of American

Art, tel: (212) 570-3676, closed Mondays and Tuesdays. Continuing/To Aug. 30: "Unknown Terrain: The Landscapes of Andiew Wyeth." Landscapes in watercolor, tampera and brush work by the Amancan painter (bom 1917).

vision cliffhanger, the film

National Museum of American Art, tel: (202) 633-8998. open daily. To Sept. 7: "Hockney's Grand Canyon: A Visionary View." A grid Cenyon: A visionary view. ol 60 oil pentings by tha British painter (born 1937). Each depiction is complete in Itself and dovetails with the other paintings to form

www.nmaa.sl.edu CLOSING SOON

an overall view of the canyon.

July 19: "Roy Lichtenstein: Land-scape in Chinese Style." Hong Kong

Museum of Art, Hong Kong. July 20: "The Wonders of Sanxingdui: Civilizations Rediscovered. Setagaya Art Museum, Tokyo, July 20; "Chinese Art." Shoto Mu-seum of Art, Tokyo.

Mulder into anything more daring than a Sir Walter

Raleigh imitation. But as on-

the-job rescue efforts go, it does qualify as a fetishist's

delight. (Janet Maslin, NYT)

July 19: "Andy Warhol: Zeichnun-gen, 1942-1987." Kunstmuseum, Basel, Switzerland Besel, Switzerland. July 19: "James McNeil Whistler Walter Richard Sickert. Museo de Bellas Artes, Blibao, Spain. July 20: "Dalacrox: Les Dernieres Annees, 1850-1863." Grand Pal-

els, Paris. July 20: "Eugene Delacroix dans les Collections du Musee," Musee Conde, Chantilly, France.

MIDDLE EAST July 18: "Chan Zhen, Jue Chang: Museum, Tel Aviv.

the moment seize

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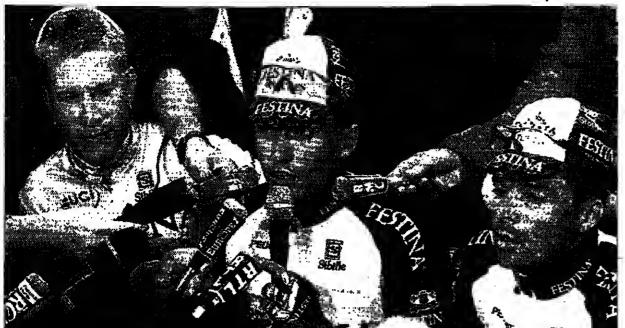


(get around)









Festina riders, from left, Laurent Brochard, Richard Virenque and Laurent Dufaux, reacting to the suspension.

TOUR: Festina Coach Is Suspended as Drug Investigation Goes On

Continued from Page 1

lin, where this 85th Tour began Sat-Roussel and the doctor. Eric Ryck-

aert, have both denied the accusation. Nevertheless, a drawn Leblanc said, "There are sufficiently grave conditions" to suspend Roussel's license. He might have been referring to coverage by French newspapers, which universally featured the drug case on their front pages and relegated the race results to

Leblanc was a professional rider himself at the time of the Tour's biggest drug fifth stage, was controversial.

affair, the death in 1967 of the British "I don't think it's fair." sai rider Tom Simpson during a climb on Mont Ventoux in France.

Amphetamines were blamed when Simpson became overheated during the stage and suffered a fatal heart attack. The Tour's last major doping scandal

occurred in 1988, when the race leader, Pedro Delgado, a Spaniard, failed a drug test because he had used a masking agent for steroids.

Delgado was allowed to continue to triumph in Paris because the drug was illegal under most standards and was scheduled to be banned by the UCI a few weeks later. Lehlanc, by then a journalist, took over command of the race

Four riders — the stage winner, the runner-up and two men chosen at random - are tested for drugs each day in the Tour. There have been no announced failures in this decade.

The Tour director said that he had talked by phone Thursday morning with Hein Verbruggen, the head of the cyc-

As for the nine Festina riders in the race, Leblanc repeated his stand that nothing has been proved against them" and that therefore they were not

pion, and Richard Virenque, the race's so. We're not here to discuss doping. I'll top climber the last four years and the answer questions about the stage today second-ranked competitor in the last but not about this affair." second-ranked competitor in the last

Bruin also said that the riders faced no immediate sanctions. "Again for the time being, it has nothing to do with the riders," be said. "It has everything to do with the soigneur and some details that bave come to the attention of the UCI executive committee." He would not specify the details.

The suspension, announced in Cholet as a cold drizzle fell on officials, riders and journalists before the start of the

'I don't think it's fair,' said Patrick Lefevere, the directeur sportif, or coach, of the Mapei team, which is ranked just below Festina in the computerized standings. "Until a person is found guilty, he's innocent. Provisional susand we're going to do our bit and try to win the Tour de France. So let's get on pension,' bah. If after this he's found not guilty, is the UCI going to pay him for damage to his reputation? I don't think

'If be ordered the soigneur to do this, be's guilty," Lefevere continued in an interview. "But if the soigneur was trafficking in drugs and the directeur sportif didn't know about it, he's not guilty. And in that case there's a lot of dam-

age for nothing." Bernard Thevenet, a television commentator and twice a winner of the Tour in the 1970s, put it this way: "It's a very delicate matter.

What's the right way to go? That's the problem. Is this enough to lift the cloud over the race? But at least the UCI has tried to do something.

Johany Weltz, directeur sportif of the turbed hy press coverage of the affair and the image it is giving to the Tour."

As for the nine Feeting and the many state of the stat know something we don't and that's why they acted."

Festina riders were supportive of Roussel and somewhat defiant.

Virenque, a Frenchman who is among subject to expulsion or any other pen-alty. The riders include Laurent ference: "We're here to win the Tour de Brochard, the world road race cham-France and we'll continue to ride to do the favorites, said at another news con-

Israelis to Meet With Palestinians

Benjamin Netanyahu said Thursday that he expected his defense minister, Yitzhak Mordechai, to meet a Palestinian negotiator, perhaps even right away, to try and reach a peace break-

The Palestinians also said they were ready "in principle" to meet with the Israelis.

"There's general agreement, cerrainly on our part, that it's time to engage the Palestinians directly." Mr. Netan-yahu said in an interview. "I assume the first meeting will be with Mr. Mor-dechai, the defense minister."

The United States, the main broker in Middle East peace talks, said this week that Israel and the Palestinians would resume direct talks after Yasser Arafat,

the Palestinian chief, returned home want a real peace," he added.

The Israeli leader declined to predict IERUSALEM - Prime Minister from a trip to China. He came back Thursday.

"We haven't set a date as of yet, but from our point of view it can be right away," Mr. Netanyahn said. "We want to engage in a real effort to close this

Washington has been trying to break a 16-month-old deadlock by getting the two sides to agree that Israel would hand over another 13 percent of West Bank land in return for Palestinian security

Mr. Netanyahn shrugged off criticism of himself from the Arab world, the West and at home, saying: "I don't care tion. if I am maligned or demonized and so on, because I was elected to do the right

how long it would take for Israel and the Palestinians to reach an accord or whether it could be completed in time for a parliamentary recess near the end of

July, as some had predicted.
Asked who Mr. Mordechai would meet, Mr. Netanyahu said it could be Abu Mazen, a Palestinian official, Mr.

Arafat or someone else. Mr. Netanyahu said Palestinians still had to show clear evidence that they were fighting "terrorism" and that they had fulfilled a promise to annul their covenant calling for Israel's destruc-

Mr. Arafat's adviser, Nabil Abu Rdainah said, "In principle we are ready for meetings that are based on Israel's "We want life, we want security, we agreement on the American initiative."

ECONOMY: U.S. Industrial Production in June Drops Sharply

Continued from Page 1

with a record increase in stocks of unsold goods that accounted for nearly onehird of the first quarter's growth.

The inventories report confirmed the slowdown and indicated it was more abrupt than expected. As its impact spreads, analysts said, job creation will slow, the unemployment rate will rise and interest rates may decline. A slower economy also could further restrain growth in corporate profits, which have already been

easing off a double-digit pace.

For the moment, there is little indication of an impact on employment. Indeed, first-time claims for unemployment compensation plummeted by 58,000 in a week that "showed no obvious impact from the strike" against GM, the Labor Department said Thurs-

Government figures showed a sea-sonally adjusted fall in claims to 336,000 for the week ended July 11 compared with 394,000 for the previous week. Wall Street economists had forecast 364,000 new applications, according to Renters.

None of the analysts said a recession is at hand, and all of them expect a resumption of stronger growth after a period of several quarters in which the economy regains its balance. Meanwhile, a period of slower growth should reduce the concern of Federal Reserve officials who have been worried that the nation's extremely tight labor markets would sooner or later cause inflation to accelerate.

But the drag on U.S. production from a mountain of unsold goods and a widening trade deficit may have been enough services produced.

The Commerce Department will report its first estimate of second-quarter GDP on July 31. Inventory figures are among the various economic data used to calculate the estimate.

despite continued strong increases in consumer spending, which has been one of the driving forces in the economic expansion that began more than seven dition to Mr. Rodriguez, two other bank official said that in addition to Assembly the bank official said that in addition to Mr. Rodriguez, two other bank officials and the bank official said that in addition to appropriate disciplinary measures." years ago. The turmoil in Asia, including recessions throughout the region and a large increase in the value of the dollar pended while the probe was under way. compared with many Asian currencies. Questions about program inefficien-

has caused a sharp drop in U.S. exports increases at a 1.5 percent to 2 percent

and boosted imports from the region. Chase Manhattan Bank in New York. "The sbock from Asia was there but we weren't feeling it," he said, because production continued to rise with goods going into inventories rather than being

rate in the second half of this year.

Those forecasts also included some

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"In the first quarter, the growth we were getting was really an aberration," said James Glassman, an economist at ployment rate in the United States. That rate rose to 4.5 percent last month from 4.3 percent in April and May. The more abrupt slowing in inventories could cause Joblessness to rise more quickly, but not necessarily to a higher level than was expected earlier, analysts said. But a Barlier, many economists had estimated second-quarter GDP gains at a 2 percent to 2.5 percent rate followed by

BANK: Fraud Inquiry at Global Lender

Continued from Page 1

believes that Mr. Rodriguez took from a. contractor on a water utility project in Algeria. The bank contends in court papers that the contractor was a former neighbor of Mr. Rodriguez and that the work was never satisfactorily completed.

Mr. Rodriguez, who retired during the bank's internal investigation late last year, denied the bank's allegations in court filings. His attorney did not return calls asking for comment.

Headquartered two blocks from the White House, the World Bank is a major force in global economic development. The bank pours billions of dollars into emerging countries each year for projects ranging from infant feeding programs to gigantic infrastructure improvements.

"If our original suggestion was true

domestic product in the April-to-lune period. GDP is the value of all goods and services produced. Bank's vice president for external affairs. "So the question is, 'Are we clean?' and it's not clear."

calculate the estimate.

other allegations are being reviewed. ing according to Reuters.]

The sharp slowdown in GDP occurred Some of these cases may result in legal Mr. Wolfensohn made:

officials had been notified that they were under investigation and had been sus-

cies and the many possibilities for corruption in dealing with emerging nations have long surrounded World Bank pro-grams. Mr. Wolfensohn, an Australianborn former investment banker who took over as World Bank president in 1995, has talked openly about these is-

sues and encouraged his employees to come forward with concerns. On Wednesday, he said the bank was planning to establish a hot line within the oext few weeks for staff members to report possible irregularities.

The bank's office of professional ethics is working in collaboration with the fraud team. Mr. Wolfensohn said the bank's regular outside auditors, Deloitte & Touche LLP, also had been alerted.

Touche LLP, also had been alerted.

The senior bank official who asked 15 not to be named said one of the investigations involved possible misuse of that there was a ton of corruption going a "trust fund" set up by the Japanese government to subsidize bank staff administrative expenses. Klas Bergman, chief of media relations at the bank, declined to comment.

[In Tokyo, the Asahi Shimbun reported that two Japanese employees of the World Bank were under investiga-Mr. Wolfensohn said: "Other formal tion and had been placed on admininvestigations are underway, and several istrative leave, with one of them resign-

Mr. Wolfensohn made a speech two years ago at the World Bank's annual meeting concerning corruption, and since then scrutiny has increased. Tips about corrupt bank officials have come from: bank colleagues, government officials in a countries with bank-funded projects and consultants, Mr. Malioch Brown said. "We lend over \$20 billion a year, so:

the allegations have come from a wide variety of sources," he said. "We've. just been much more rigorous in pursuing them and tracking them out."
World Bank officials cautioned that

the investigations were just beginning and that their scope was not yet clear.

In the lawsuit against Mr. Rodriguez the amount of money cited -a \$434,000; contract — was relatively small. Mr. ! Rodriguez was a principal sanitary engineer at the bank whose duties included oversight of contracts and projects relating to water utilities in Algeria.

Bank officials declined to comment:

on the pending case.

DISSENT: Open Letter Challenges Chinese Authorities to Release Those Who Tried to Register a New Party

Neil Stephens, an Australian with

Festina, was more forthcoming. "The team is pretty depressed," be said in an interview. "We've got a couple of mates

involved in pretty heavy stuff and we're

Referring to Roussel, be added:

"Bruno said a couple of days ago he

wanted to go to the court, he wanted to

talk. He said he's got nothing to hide, he

wanted to get everything out of the

He said to me yesterday morning 'One of these days the coppers are going to come for me and take me away' — he

We're going to let justice do its bit

Thalidomide Sale

Approved for U.S.

The Associosed Press

WASHINGTON — Thalidom-ide woo Food and Drug Admin-

istration approval Thursday to be

sold in the United States, but with

restrictions aimed at avoiding the

hirth defects it produced in the

effectively treats a small number of

leprosy patients - no more than 50

Americans a year - who suffer an

But thalidomide becomes the most restricted drug ever sold in the

United States. Every American,

male or female, who uses the drug

will be required to enroll in a gov-

Women must undergo pregnancy tests before getting the drug, and

men and women must use contra-

erament-monitored registry.

agonizing inflammation.

The agency said that thalidomide

just trying to get on with it."

was quite willing to talk.

Continued from Page 1

more time wouldn't matter one bit."

Mr. Qin said that China's constitution protects a wide array of rights, and that the authorities should abide by it, not the laws they have written that contradict the

"In China today, the laws are in couflict with the spirit of the constitution, domestic buman rights monitoring bulletin, to dissidents and journalists in China over the last year, despite having his equipment seized by police. "One of association association in-

gistering a new political party.

In addition to the pention campaign,

izing activities beyond the symbolic show of support.

One of the signatories, Wang Peijian, cludes creating parties. The citizens must studied law at Beijing University, where have the right to freely form parties." Wang Youcai, one of the arrested have the right to freely form parties."

But Chinese law presents dissidents with a dilemma, It is illegal to form a political party without registering it, but the law provides no procedures for re-

the signatories have also begun organlawyers who said they were "too busy" to take the sensitive case. Mr. Wang said belping to find a lawyer is legal in China, as was attempting to register a new political party.
"Their activities were beyond re-

proach, and didn't violate the law," Mr. Hu Jiangxia, wife of the party founder.

versity alumni, to represent him, after being turned away by several prominent lawyers who said they were "too busy" support since her husband's arrest. For now, she said she will try to handle the financial burden on her own, although several of the other men who were arrested are from poorer families.

"For some problems, if I can handle them on my own, I'll try to do it," she said. "On others, like finding a lawyer, the results will be better with help."

Britain Welcomes 'Signals' by IRA On Yielding Guns

LONDON—Britain welcomed Thursday what it called "signals" that the Irish Republican Army was close to giving up some of its weapons as part of the Northern Ireland set-

But a spokesman for Prime Min-ister Tony Blair denied newspaper reports that said arrangements for a handover had already been made.

There have been signals that we welcome," he said when asked about the IRA. "There are signals that they are aware of the importance of decommissioning."

They accept it is part of the agreement. How it will happen is not yet clear. It is wrong to say venues have been identified."

The agreement reached between Northern Ireland's main political parties in April stated that guerrilla groups should give up their weapons in exchange for freeing prisoners.

The British and Irish governments

hope the agreement will end 30 years of violence in Northern Ireland between pro-British Protestants and Catholic nationalists, who want to be ruled by Dublin.

The Express newspaper said on Thursday there was a growing belief, that the IRA would hand over a quantity of gnns and bombs before the Northern Ireland assembly meets in September to begin selecting the 10man executive.

But John de Chastelain, head of the independent commission on decommissioning, cautioned against expectations during the summer.

SMUGGLE: Beijing Drive Aims at Party and Military Leaders

Continued from Page 1

hlocked investigations. As with any national campaign, there

work. Yet decision-making in China reknow if the driving force behind this government is undertaking a massive

campaign is Mr. Jiang's desire to flex his muscles over the military, or to buttess his reputation as a corruption-fighter.

There may also be financial concerns.

There may also be financial concerns.

may be several political elements at Prime Minister Zhu Rongii argued that it was necessary to reverse the drastic drop mains so opaque that it is impossible to in tax collection at a time when the

IMF: Republicans Reconsider Their Stand

Continued from Page 1

cades, and tapping it now severely limits its overall lending ability.

Even though the foreign operations subcommittee of the Appropriations Committee approved only one-fifth of the administration's request for IMF money Wednesday night, members of the panel signaled that they recognized the urgency of the agency's need for

more financing. Representative Nancy Pelosi of California, the top Democrat on the subcommittee, agreed that the monetary agency operated too secretively and made questionable judgments. She said that the agency eventually could be scrapped: "Dismantle it, erase it, start

from scratch." But first, she said, the full amount of money should be approved to stop the releasing edited transcripts of the Asian crisis from spreading to the United

"If your house is burning down, you can't be concerned that the roof is leak-

> See our International Franchises every Nednesday in The Intermarket

ing," she said. "We have an emergency

at our doorstep." Republicans, who dominate the panel, said the agency's inadequacies could be Packard. Republican of California, said owned by the government, that will be a that voting the full \$17.9 hillion now would be a flippant move.

The subcommittee defeated Mrs. Pelosi's proposal by voice vote and then approved the underlying bill, which, because of the small percentage of financpresident requested for all foreign op-

The bill still includes tough restrictions on the monetary fund's lending practices that the administration is resisting. These include ending subsidized interest rates for regular borrowers and

minutes of the fund's board meetings.
"If they want the money, that's life,"
said Representative Robert Livingston, Republican of Louisiana, chairman of the Appropriations Committee.

The bill faces other hazards, too. Antiabortion forces have vowed to attach the proposal restricting money for overseas family planoing services. Thus, the final version could offer the IMF money the president wants, but he could still veto it if it restricts the availability of family and illegal sales have severely hurt doplanning funds.

struggle throughout the whole country with the speed of lightning is related to achieving this year's economic growth target," Mr. Zhu told the meeting.

tivities have already caused serious harm to many aspects of China's economy, society and politics."
Mr. Zhu claimed that all party and government offices and law enforcement

Increasingly rampant smuggling ac-

agencies would be required to cut ries with affiliate companies in an effort to root out official protection of smuggling. Yet in China's complex morass of discussed later. Representative Ron companies that are owned and partly

gargantuan task. Fines and proceeds from confiscated goods, Mr. Zhu said, will be divided in a formula: 50 percent will be used to equip anti-smuggling police and as rewards to individuals and departments who help, 20 percent will fund anti-smuggling efing for the monetary agency, provides 20 percent will fund anti-smuggling ef-only about half of the \$31.97 billion the forts by provincial governments, and the remaining 30 percent will be absorbed by the central government.

Oddly, a People's Daily account of the meeting specified the attendance of leaders of the Xinjiang Production and Construction Military Group, the only organization to be named. Xinjiang, a vast area in China's northwest that borders Russia and Kazakhstan, is a center for smuggling, and mentioning the paramilitary group suggested that it plays a role in smuggling itself.

Diesel oil has been flowing into China

plemented a ban on legal imports in February. Smuggled oil is much cheaper than domestically produced oil, whose price is set artificially high by the government,

from Asian refineries since Beijing im-



GOING HOME - British soldiers from the First Battalion of the King's Regiment boarding a plane on Thursday, leaving Northern Ireland after helping the local police during the recent disorders.

FRIDAY, JULY 17, 1998

U.S. Banks Pad Their Assets in a Rush to Lend

By Timothy L. O'Brien
New York Times Service

NEW YORK — Last year, Chase Manhattan, the largest U.S. bank, lent about \$890 million to an Australian utility, row Yang B. Typically, to avoid putting too many eggs in one basket, banks try to get other banks to assume part of the risk by taking postious of big

But Chase gave Loy Yang such gen-erors terms — a maurity of at least 15 years and a rock-bottom interest rate thatit found few takers. And now, with the Australian economy squeezed by Asa's financial crisis, most of the Loy Ying loan is gathering dust on Chase's

Neither Chase nor Loy Yang said the ion was troubled. Chase said it was saidled with few loans that it had been

from loan losses.
But bountiful lending like this, whether to overseas customers, builders in booming hotel markets like Las Vegas or mits-and-bolts operators like heavy or nuts-and-bons operators like neavy manufacturers, still gives some bankers and U.S. regulators the jimers. They have criticized freewheeling practices in certain markers, including the trillion-dollar business of splitting up big loans, a business known as syndicated leading that is dominated by Chase, Citicorp, J.P. Morgan, BankAmerica, Nations-

bank and other big banks. The main concern is that American banks are lending too freely, either to rack up one-time fees or to generate Other business

Banks can do all sorts of things to keep the lending mill chuming. They

unable to divvy up with other banks and that it had ample resources to protect it perhaps too low to reward them for their perhaps too low to reward them for their risks, and they can stretch out repayment schedules, leaving themselves exposed to unforeseen economic turnult. in addition, covenants — the standards borrowers must meet to avoid having the bank demand repayment - can be

> Some liken the zealousness to the heady days of the 1980s, when banks chased real-estate loans with all the determination and earnestness of lemmings.
> "Instead of getting better, it just gets crazier and crazier," said Richard Ko-

loosened or ignored entirely.

Corp., a big Minneapolis bank. "The basics of banking are just being filtered way in order to grow.

vacevicb, chief executive of Norwest

John Medlin, former chairman of Wachovia Corp., a bank in Winston-

ber speech that lending practices were the worst he bad seen in nearly four

A letter the Federal Reserve sent to banks on June 23 offered a rare glimpse into how some banks now do business. The Fed, while noting that there is still little evidence that problem loans are on the rise, said it was concerned that lending standards were slipping, presenting dangers should the economy stall and borrowers have trouble paying what

The Fed said that only 20 to 30 per-cent of several hundred loans it reviewed earlier this year had been thoroughly screened by banks to see how well they

would hold up during a slump.
"That's absolutely a startling num-

See LENDERS, Page 17

Thinking Ahead /Commentary Bailing Out Russia for Nuclear Reasons: That's Good

By Reginald Dale nal Herald Tribuna

only got the money because they've got the more cynical critics of this week'a interest to risk Moscow's interconting are basically right.

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What is wrong is to suppose that the fact that Russia is a major and po-futation of those who claim that un-

doing so.

If the bailout were purely a matter of sense. Other, less important countries have faced the same risk of precipitons currency devaluation and hyper-inflation that Russia does today and have survived without the world rushing to

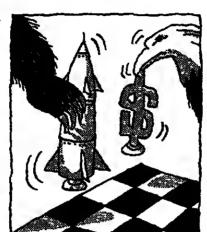
United States and its allies are not going to sit idly by when a looming economic the country's entire future as a freeupheaval is exaggerated, it is not a risk

worth taking.
Ultimately, the decision to rescue ASHINGTON — "They Russia again must be — and was —

deal in which Moscow is to be lent ental ballistic missiles falling into the billions more dollars by the interna- wrong hands or a broken and emtional financial community -- and they bittered Russia again becoming a threat to its neighbors.

The result is another spectacular retentially unstable nuclear power is trammeled, American-style, free-marsomehow a bad reason for bailing it out. ket ideology reigns supreme in the era. The truth is that it is the best reason for of economic globalization. On the contrary - as with the earlier bailout of Mexico, and now with South Korea, economics, it would make much less Indonesia and Thailand - the aim of the Russian rescue operation is precisely to impede the free play of market

In Russia's case, however, the huge drop in the value of the ruble



tween either poverty and chaos or submission to the demands of private investors. Those would undoubtedly be

etary Fund. roperly. means that the Russians are not going to With oo official funds available, the feel too constrained by the IMF's inmarket democracy. And they are right.

With oo official funds available, the feel too constrained by the IMF's inEven if the risk of social and political

Russians would have to choose besistence on budgetary austerity and

economic reforms.

As the world's greatest chess masters, the Russians know how to play the game. If they do a little to meet the IMF's conditions, and promise a lot, the money will keep coming. If the flow is sometimes interrupted to show the Fund's disapproval, as it has been in the past, they know the right moves to make to get it to resume.

But Russia is still nowhere near enacting the far-reaching reforms necessary to lay the foundations for a successful market economy, which include establishing the rule of law and bringing criminality and corruption under cootrol. It is not even certain that President Boris Yeltsin or the Communist-dominated lower bonse of Parliament, the Duma, understands the need to do so.

The best hope is that the bailoot stabilizes the situation long enough for If obeisance to the gods of the market far more rigorous, and moch harder to the new, reformist-inclined governwere the only consideration, Russia evade, than the conditions for the latest ment under Sergei Kiriyenko to embark would be left alone to sink or swim. A bailout set by the International Mon- oo serious change. There can be no guarantee that will happen. But it is still would not only be tolerated, but pos-itively welcomed as a sign that the laws of course, the Russians, and the fi-mancial markets, can be pretty sure that dollars to reduce the danger that Russian and financial crisis appears to threaten of supply and demand were working that is not going to happen. Which might revert to rogue-state status, oukes and all.

E-mail address: thinkahead@washpost.com

Paolo Fresco, who is preparing to Heinrich von Pierer, chief exectake over as chairman of Fiat SpA. utive at Siemens, in 1996 photo.



European Carmakers Gear Up for Change

Comes to Fiat

By Alan Friedman International Herald Tribune

TURIN -- The incoming chairman of Fiat SpA, in his first meeting with the press, offered a preview Thursday of what appears to be an unusually American corporate style for the higgest

private-sector company in Italy. Paolo Fresco, the vice chairman of General Electric Co. of the United States who was named last month to succeed Cesare Romiti as Fiat's supremo, stressed repeatedly bis belief in openness, in creating value and in protecting the interests not just of the Agnelli family, the largest Fiat sharehold-

er, but also of minority shareholders.
"Transparency," Mr. Fresco said,
"is the only way I know how to work, and I have had a clear signal from the main shareholder that my mandate is to serve all shareholders.'

Mr. Fresco also warned that European industry had not yet seen "the full consequences of the Asian crisis." The European automobile sector will face a form of "dumping" as Asian car makers export their way out of recession oo the back of devalued currencies, he said, singling out manufacturers in countries such as South Korea and Thai-

Mr. Fresco stressed that aside from such competition, Fiat would also have to weather the economic shock waves of the Asian crisis io some of its key emerging markets, such as Brazil and

Taken together," Mr. Fresco said. 'this presents a very difficult situ-

'In my view, Enropean and U.S. companies will suffer greatly and this

wornes me very much. Although Mr. Fresco, 65, said be was less concerned about Fiat's acrivities in India, which he termed "the least affected market in Asia," he cooceded that "the crisis in Brazil, because of repercussions from Asia, is proving longer than expected." And the numoil in Russia, a key target market for Fiat, means that "we will have to evaluate the pace of our investments there, and we will see if we lose one or two years in

Russia because of the crisis.' The new Fiat chief, who will take over full-time in October, meanwhile acknowledged that the end of Italian government incentives for car buyers on July 31 would affect the company's domestic car sales. "We should expect a drop in orders," he said.

Mr. Fresco also conceded that he was not impressed by Fiat's low profit margins in its core car business, but he

See FLAT, Page 17

American Style Siemens Plans To Restructure

By John Schmid International Herald Tribun

FRANKFURT --- Promises of a new corporate culture and a "rigorous pruniog'' of problem businesses at traditionbound Siemens AG sent the company's

sbares surging 18 percent Thursday. Long seen as a lumbering corporate elephant unwilling to undergo the sort of radical restructuring that has rescued other major German companies in receot years, Siemens is now braced for a 'fundamental turnaround,' said Chief-Execuove Heinrich von Pierer. Investors bave frequently have criticized Mr. von Pierer for his inability to reorganize the sprawling conglomerate that is Germany's biggest non-government employer.

The shares, which have lagged the overall German market rally by 40 per-cent this year, gained 19.40 Deutsche-marks in a single day to close at a record 130 DM (\$72.24).

Mr. von Pierer's remarks helped investors push aside disappointing ninemonth results. Siemens posted a profit of 1.78 hillion DM in the nine mooths to June 30. While that was up 5 percent from a year ago, it was well short of the 15 perceot to 20 percent increase the company had led investors to expect at the start of the year.

In a profit warning, Mr. von Pierer conceded that Siemens will fail to meet its earnings target for the financial year that ends Sept. 30. Instead of a full-year, nel profil of 3 billion DM, as originallyforecast, the company oow expects to improve only modestly on last year's 2.49 billioo DM result.

"I am completely dissatisfied with

our earnings," Mr. von Pierer said. Because Siemens competes in such rapidly changing sectors as computers and communications, analysts say the company's tardiness to adapt amounts to a serious setback that Mr. von Pierer must now belatedly address.

"Siemens was one of the great exceptions in the bard-core restructuring of German industry," said Juergen Roethig, analyst in Frankfurt at the B. Metzler & Co. Bank. "One had the impression that management did not understand that the company had businesses that needed to be restructured all

Investors were betting Thursday that Germany's third-largest industrial group finally recognized the need toadapt to the global economy. But analysis warned that the process would be

'Von Pierer is about as much of an establishment German industrialist as you can find," said Mark Davies Jones. an analyst in London at Salomon Smith Barney. "He is not one to rock the

Management's biggest stumbling block, Mr. Jones said, is the company's massive payroll of oearly 200,000 in Germany and over 400,000 worldwide, which has formed a lobby of internal

resistance to change. "It is clearly extremely controversial to restructure quickly," Mr. Jones said.

But Mr. von Pierer outlined a 10-point restructuring program oo Thursday that includes selling off problem businesses or floating them on the stock exchange. The plan comes a day after Siemens announced it would sell its power cable operations to Pirelli SpA of Italy for 500 million DM.

The company also said it would opeo its books for the first time to scrutiny with a switch to conform to transparent U.S.-style accounting principles. That would clear the way for the company to list its shares on the New York Stock Exchange.

The company was bluot in its assessment of its sbortcomings: It has 'acute difficuloes' in its operations in semiconductor, power-station construc-tion, transportation technology and its mobile phone and retail communications uoits.

Some analysts remained skeptical that Siemens could adapt quickly enough without a change of management.

Report Says GM Lags Behind Rivals in Productivity has failed to bonor promises to invest

By Warren Brown:

DETROIT - General Motors Corp. is suffering through its worst strike in nearly three decades because it says it must win increased productivity from its workers. A new report provided fresh ammunition for the company's case by showing how far the biggest U.S. automaker trails its North American rivals.

GM loses an average of \$104 per vehicle on every car and truck it produces in North America, compared with an average of \$1,520 carned by Ford Motor Co. and \$1,336 carned by Chrysler Corp., according to an annual report published Wednesday by Harbour and Associates Inc., an independent management consulting and automotive research firm in Troy,

Looked at another way, GM would have to cut its annual labor and benefit costs by an average of \$4,439 per vehicle to match North America's most efficient producer, Nissan Motor Co. in Smyrna, Teanessee. GM also would have to eliminate 54,915 workers from its production payrolls, according to the Harbour report.

The Harbour report is anxiously executives who want to see how their companies stack on against crucial North American market. GM officials made little effort to put a gloss on the report, acknowledging that it shows the company needs to improve its performance.

Ford executives were ecstatic with the report, handing our landatory press releases at a news conference Thursday.



A worker closing a ramp at a functioning GM plant in Oshawa, Canada.

The report showed that their company beat the domestic competition in 1997 assembly plant productivity, posting four of the top 10 car assembly plants and eight of the top 10 truck assembly

Still, while the other Big Three automakers are more efficient than GM, they also fared poorly compared with Nissan. The report said Ford would have to reduce its average costs per vehicle by \$1,332 and eliminate 16,478 'excess workers" to become competitive with Nissan on a manufacturing basis; and it said Chrysler would have to trim \$2,064

in costs per vehicle and scrap 25,527

jobs.
"Who is losing here?" asked Ron

Harbour, president of Harbour and Associates. "GM is losing and the UAW is losing. The American people are los-ing." He said the majority of workers at U.S. plants owned by Nissan, Toyota Motor Corp. and Honda Motor Co. are Americans, but not members of the United Auto Workers union.

The GM strikes began when workers in a Flint metal-stamping factory walked off their jobs June 5. The United Auto Workers union said the company

July 16

more in the plant; the company said it will not make more investment unless work rules are changed. According to Mr. Harbour, GM's

stamping production rate per worker pieces per worker - is the lowest in North America at 174 pieces per worker, compared with 215 at Ford, 238 at Chrysler, 228 at Nissan, and 467 at Toyota's manufacturing facility in Georgetown, Kentucky.

Responding to the report, a unioo official who asked not to be identified said: "GM has been cutting and cutting for years. We keep making improvement after improvement in productivity and efficiency. But it isn't matched by GM in terms of better equipment and better designs. That is why we are on strike, because we cannot improve productivity and sales by ourselves.'

Union officials also coted that although Nissan may be the most efficient automaker, its cars are some of the lowest-selling in North America. Nis-san's sales have falleo about 25 percent in the first half of this year compared with the same period last year.

Strike Vote Planned at Saturn

Factory workers at Saturn, a unit of GM, plans to vote Sunday on whether to give their unioo leaders permission to call a strike against the parent company, the Associated Press reported from Spring Hill, Tennessee. The move comes four mooths after

the Tennessee plant workers voted to keep a unique contract with GM. But fears of job cuts and growing differences over pay arrangements have changed the view of union leaders.

CURRENCY & INTEREST RATES

July 16 Libid-Libor Rates

Cross Rates | Color | Colo Franc 3% - 3% 3% - 3% 3% - 3% 3% - 3% 1-month 5% - 5% 3% - 3% 3-month 5% - 5% 3% - 3% 6-month 5% - 5% 3% - 3% 1-year 5% - 5% 3% - 3% **Key Money Rates** Other Dollar Values 297.36 7.7482 217.46 42.55 13750 0.7113 3.6572 0.305 Forward Rates 294,46 +0,95 294,95 +1,80 294,90 --0,50 1.6333 1.4849 1.7800 4.50 3.43 3.50 3.56 3.65 4.68

Shell Halts Peru Gas Project Firm Says Government's Terms Leave Plan Unprofitable

LIMA - The Royal Dutch/Shell of this will be felt everywhere - in

out of Peru's \$3 billion Camisea natural-gas project, saying government conditions made the jungle project unprofitable.

and the economy in general.

For months, Shell and Mobil had pressed the government to give them gas distribution rights and lift pricing unprofitable.
The unexpected decision is a set-

bailed as the largest foreign investment project in the country's history. Wednesday was the deadline for companies, which signed the Camisea license agreement in 1996 and had been studying it ever since, had already invested \$250 million in the project.

Last week. President Alberto on the drawing board. Fujimori of Peni — who once referred to the Camisea accord as "the contract of the century" — said he expected Shell and Mobil to go ahead with the roject despite disagreements.

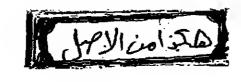
An analyst at Peru's largest bank, from 8 billion cubic feet of gas a day by 2001 from 8 billion cubic feet in 1996. project despite disagreements.

Banco de Credito, said: "The effects Group and Mobil Corp. have pulled the stock market, foreigo exchange

restrictions in the original contract. back for Peru, because Camisea was They contended both were needed to make the project profitable. The government, however, stood

its ground, arguing it wanted to avoid Shell and Mobil -- two of the world's creation of an extraction-to-distribubiggest energy companies—to reach a tion monopoly in Peru's gas industry final decision on the project. The two as well as high market-set gas prices. For Shell, which spends more than \$15 billion a year on capital investmeot, the Camisea project was one of

a oumber of large long-term projects Tony Alves, an analyst with Henderson Crosthwaite, said that the Peru project represented less than 5 percent of Shell's goal to boost gas output to 12



INTERNATIONAL HUB.



Very briefly:

• The New York Times said second-quarter earnings rose 16.8 percent to \$78.2 million from a year ago as reveoue climbed 3.8 percent to \$749.2 million. Including special items and charges, bowever, net income fell 11.6 percent. The New York Times is part owner of the International Herald

• Tropicana Products Inc., a unit of Seagram Co., plans to raise as moch as \$2.86 billion in an initial offering that values it at up to 25 percent less than the chairman of Seagram, Edgar Brontman Jr., had predicted. Tropicana will sell 124.5 million shares, 95 percent of its common stock, at \$21 to \$23 each. · Silicon Valley Group Inc., a maker of equipment for the semiconductor industry, plans to dismiss 711 employees. Amazon.com Inc. hired Jimmy Wright, a former Wal-Mart Stores Inc. executive, as chief logistics officer.

• Two former executives of California Micro Devices -Chan Desaigoudar, former chairman and chief executive, and Steven J. Henke, former president, treasurer and chief financial officer, face up to 13 years in prison after being convicted of securities fraud. NYT. AP. Bloomberg. Reuters

The Trib Index		Prices as of 400 P.M. New York time.		
Jan. 1, 1982 a 100	Level	Change	% change	year to date % change
World Index	207.00	+ 1.45	+ 0.71	+ 20.27
Regional Indenes				
Asia/Pacific	87.42	+ 1.19	+ 1.38	9.00
Europe	248.82	+ 1.16	+ 0.47	+ 28.90
N, America	268.25	+ 2.08	+ 0.78	+ 24.20
S. America	141.14	+ 1.54	+ 1.10	— 7.55
Industrial Indexes				
Capital goods	272.21	+ 270	+ 1.00	+ 31.78
Consumer goods	242.32	+ 1.97	+ 0.82	+ 15.54
Energy	208.94	+ 0.85	+ 0.41	+7.17
Finance	153.48	+ 0.64	+ 0.42	+ 24.82
Miscellaneous	164.05	+ 2.22	+1.37 •	+ 9.45
Raw Materials	206.03	0.58	 0.28	+ 23.19
Service	219.27	+ 1.92	88.0 +	+ 25.79
Litities	177.01	+ 2.49	+ 1.43	+ 6.08
The international Here of 280 internationally i		las from 25 cou		



AMEX

Section of the control of the contro Thursday's 4 P.M. Close The 200 most traded stocks of the day, SAMERIA AND THE PROPERTY OF TH SECTOR OF THE PROPERTY OF SECTION OF SECTIONS OF SECTI up to the closing on Wall Street.

Dow Sets Record as Nasdaq Breaks 2,000 Barrier

Compiled by Our Stoff From Disposche

NEW YORK - Stocks shot to a record Thursday, bolstered by a fresh batch of strong corporate profits and by a continuing rally in technology shares, which also took Nasdaq to a record.

The Dow Jones industrial average closed 93.72 points higher at 9,328.19. The Dow's previous bigh was set on Tuesday at 9,245.54.

The technology-laden Nasdag composite index crossed the 2,000 mark for the first time, to close at a reports that were released after the record 2,000.56, up 6.02 points. The Standard & Poor's 500 index

was up 9.18 points at 1,183.99. The bond market, bowever, followed the dollar lower amid speculation that efforts to fix the tronbled economies of Japan and Russia

While many investors thought higher after SBC, formerly South-

SAN JOSE, California — Apple

The results, announced after the

The popularity of speedy G3

Macintosb computers and a con-

tinuing cost-cutting effort helped

swell Apple's earnings for the April-

June quarter. In the same period last

year, the company lost \$56 million.

\$1.4 billioo from \$1.7 billion. But

they were about the same as the

previous quarter's, in line with

\$26 million boost from an invest-

ment gain. Without it, Apple would

Even so, the results outstripped

analysts' forecasts. Pieter Hartsook,

an independent industry analyst, said that the fact that this was the

third profitable quarter in a row

showed that it was not a fluke. "It

U. S. STOCK MARKET DIARY

Profits for the spring quarter got a

Apple's predictions.

have earned \$75 million

Revenoes dropped 19 percent, to

close of trading Wednesday, sent Apple stock soaring Thursday. It rose \$3.125 to \$37.5625 in Nasdaq

Computer Inc., showing more signs

end of the year.

For 3d Quarter in a Row

and it forecast sales growth by the Book laptop computers.

of a financial recovery, reported its tributed the results to record sales of third consecutive quarterly profit, a better-than-expected \$101 million, and the popularity of new Power-

there have been a number of reports 16, Ameritech rose 1 1/16 to 48 13/16 that have topped expectations this and Bell Atlantic rose 9/16 to 451/4.

"Stocks are the place to be," said The world's largest photography Larry Rice, chief investment officer company has rallied 17 percent in at Josephthal & Co.

Many investors also stayed on the quarterly profit rose 35 percent, sidelines before some new earnings trouncing forecasts.

U.S. STOCKS

market closes.

Microsoft said it earned \$1.36 billion in the fourth quarter, up from \$1.06 billion a year earlier, on a 26 percent rise in revenue to \$4 billion. Microsoft, the biggest company in the Nasdaq, ended unchanged at

Tellabs jumped 5½ to 84 1/16,
The benchmark 30-year Treasury
bond fell 13/32 to 105 17/32, taking
the yield up 3 basis points to 5.72
percent.

Tellabs jumped 5½ to 84 1/16,
leading the Nasdaq's gain, after reporting earnings of 63 cents a share,
beating forecasts.

Mr. Jobs, Apple's co-founder and

interim chief executive officer, at-

2 Baby Bells Report

Profits for Quarter

The Associated Press

second-quarter profit tripled to \$1.7

merge with Ameritech, also report-

\$3.98 billion.

CHICAGO — Ameritech Corp., Baby Bell, said Thursday its

Eastman Kodak rose 414 to 87.

two days after reporting that noncash charge in the second

International Paper rose 11/2 to 44 16. North America's largest maker to ICN. of paper and wood products said Tuesday that second-quarter earn-

ings rose 53 percent. Deita Air Lines fell 51/2 to 132 after reporting earnings rose 20 percent. That topped expectations, but disappointed investors who had boped Delta would beat even the most optimistic forecast.

Stemming some of the climb was

lines, fell 5 to 781/2 amid concerns that the airline industry's recent cisco distributor of drugs and other

strength may soon peak. ICN Pharmaceuticals fell 7 to 31 % after it said it expected to record a quarter partly because a Yugoslav government agency defaulted on about \$39 million of notes payable

Vanstar declined 21/2 to 12 13/16 after the company said it expected its first-quarter revenoe to fall below Wall Street analysts' estimates. Vanstar provides services and products to manufacture computer network infrastructure.

HBO fell 2% to 31% and McK-Merger talks have been called off merchandise.

that Asia's financial crisis would western Bell Corp., reported strong a slump in transportation stocks. between HBO, which provides electronic medical-information system have been a number of specific provides of specific provides and the second quarter, there have been a number of specific provides and the second quarter.

medical products. Digital Generation Systems rose 2 to 4 13/16 after the San Franciscobased provider of broadcast advertising distribution services unveiled a service for transmitting radio spots

across the Internet, iAudio. Polaroid fell after it reported that second-quarter earnings were down 65 percent at \$12.1 million as a result of the company's strategy of

reducing retailer inventories. Mattel shares jumped 2 13/15 to 41 1/16 and Hasbro gained 7/8 to 39 11/16. Both toymakers said secondquarter earnings fell as their biggest esson declined 5/16 to 86 13/16. customer, Toys 'R' Us, bought less (Bloomberg, IP)

Enron to Control Brazil Utility

SAO PAULO - Enroo Corp. said Thursday that it would pay \$1.27 billion for a controlling stake in one of the fastest-growing clectricity distributors in Brazil, as the Houston-based company con-tinnes its aggressive expansion into Latin America.

Enron, the largest U.S. clectri-city distributor, will acquire a 47 percent controlling stake in Elektro Eletricidade e Servicos SA, which distributes electricity to 1.5 million faster than most Brazilian utilities. clients in the state of Sao Paulo, the industrial bub of Brazil,

Enroo said Elektro complemented its investments in five countries in South America. Those include a stake in a \$2 billion

pipeline that is being built to carry the return of foreign investors to natural gas from neighboring the electricity market in Brazil. Bolivia to Sao Paulo.

"There are lots of similarities between managing electricity and gas distribution," said Diomedes Christodoulou, managing director of Enron operations in South

Enron will invest \$70 million to

"This is part of Enron's move from pipelines into electricity in the region over the last five years," said John Olson, an analyst with

Merrill Lynch & Co. in Houston. Enron's purchase would mark next year.

after high borrowing costs and ripple effects from the Asian crisis hurt the economy, dampening in-

vestor interest. "This is a sign of confidence from the exterior," said Gustavo Gattas, an analyst at Banco Icatu SA. "It's a reasonable price for \$90 million per year over the next what they're getting, but nobody five years to lift sales and profit at expected as much, considering the what they're getting, but aobody international situation.

The parent of Elektro is the biggest Brazilian utility, Cia. Energetica de Sao Paulo, which will use proceeds of the Elektro sale to pay down part of its enormous debt

Dollar Drops on Optimism Over Russia

billion, helped by a gain of \$1.5 NEW YORK - The dollar billion on the sale of its stake in New Zealand's telephone company and slumped against the Deutsche mark on increased sales of high-speed on Thursday as Russian lawmakers phone connections, Revenue rose approved plans that will let Moscow .6 percent to \$4.3 billion from qualify for \$22.6 billion in foreign loans, easing a crisis that soured Another Baby Bell, SBC Cominvestors on Germany, Russia's

munications Inc., which wants to largest trading partner and lender. The lower house of the Russian ed a healthy profit in the second Parliament passed the needed ausquarter after losing money a year terity measures, including laws to ago. The company reported earnbolster tax collection and slash the ings for the quarter that ended June budget deficit, to secure aid arranged by the International Monetary Fund. 30 of \$966 million, compared with a

"The mark is still prisoner to loss of \$787 million a year earlier. shows that Steve Jobs is doing the Revenue increased nearly 8 percent, right thing," he said, "and it really to \$6.59 billion from \$6.11 billion.

oews there," said David Durrant of runner to succeed Ryutaro Hashi-

IDEA, a consulting firm. on Wednesday, The dollar fell to economic growth.

"Kajiyama is a more decisive,

FOREIGN EXCHANGE

139.96 yea from 140.515 amid speculation that Seiroku Kajiyama, a senior member of the Liberal Democratic Party of Japan who favors aggressive action to close failing banks, will declare his candidacy for prime minister.

The markets favor Mr. Kajiyama what's happening in Russia and we over Foreign Minister Keizo Obu-have had 2 or 3 days of positive chi, who is considered the front-

moto, because Mr. Kajiyama is seen The dollar was quoted at 4 P.M. at as favoring bolder steps to restruc-1.7859 DM, down from 1.7996 DM ture the banking sector and spur

> outspoken and forceful politician, whereas Obuchi is definitely a more consensus-building, less-likely-totake-aggressive changes kind of guy," said Richard Berner, chief economist at Mellon Bank.

In other trading, the dollar fell to 1.5033 Swiss francs from 1.5109 francs and to 5.9855 Frencb francs from 6.0320 francs. The pound rose

to \$1.6413 from \$1.6354. (Bloomberg, Bridge News)

INTERNATIONAL FUTURES

Indexes	Most Actives	July 16, 1998	High Low Latest Chiga Optint
	NYSE	frigh Low Latest Chge Ophil	ORANGE JUNE (NCTIO) 15,000 bas cards par b.
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INTERNATIONAL DED ...

Sales Tax, Key to Moscow Rescue, Is Passed

MOSCOW — Russia's lower house of Parliament approved a key Thursday evening until it has conelement of the government's econ- sidered all outstanding elements in omy crisis package late Thursday, approving on third reading a sales tax that would raise \$6.5 billion for on a \$22.6 billion rescue deal led by depleted public coffers.

Deputies in the State Duma voted by 243 in favor to 92 against, with three abstaining for the tax, which Parliament had already twice rejected in a blow to government hopes of approved the government program. forcing its emergency package through.

FRANKFURT — Economic

growth in Germany has shown

signs of cooling in the second

quarter after a boom at the start of

Thursday, while inflation has re-

mained absent.

mand elsewhere

e year, the central bank said

German manufacturing orders,

output and domestic demand stag-

nated in April and May after strong growth in the first quarter of 1998, the Bundesbank said in

its monthly report. Still, the Asian

crisis has had only a limited im-

pact on the pace of German ex-

pansion, offset by stronger de-

Manufacturing orders in April

and May were up only slightly compared with the first three

months, when they were bolstered in part by a string of large orders,

But orders remained up sharply from a year earlier. In April and

May together, they were up ai-

most 5.5 percent year-on-year,

compared with growth of about

7.75 percent in the first quarter.

German Growth Easing;

Asia Effect Is Subdued

Parliament also voted to extend 5 percent on sales. The Duma depleted regional finances. the IMF.

The passage of the sales tax is a key condition for the loans. The IMF has said it will approve the loans at a board meeting Monday if the Duma

Under the new sales tax law, regions can impose a sales tax of up to

Germany's overall exports have

suffered very little because of the

Asian crisis amid stronger demand for German products within

Europe, the central bank said.
Although exports to Southeast
Asia fell about 9.5 percent last year

and then dropped about 6 percent

in the first quarter of 1998 on a seasonally adjusted basis, this was

more than offset by increased de-

mand in Europe. The percentage of German exports going to South-east Asia fell by a full percentage

point, to 4.5 percent in spring 1998

from 5.5 percent in summer 1997,

Consumer prices have 'clearly

calmed" the central bank said. In

June, consumer prices rose 0.1

percent from the previous month

and 1.2 percent from a year earli-

situation has "brightened," the

bank said, with unemployment in

June below 4.3 million people, about 250,000 below the level of

Furthermore, the labor market

(Bloomberg, Reuters)

er, close to a 10-year low.

December 1997.

the Bundesbank said.

its extraordinary session through amended the government's proposal to say the tax would apply only to luxury items, such as compact disk players, video recorders and imported furniture.

'This is an indirect tax that won't have an effect on industry," said Alexander Zhukov, head of the Duma's budget committee.

'This is a tax on consumers —

those who use more will pay Forty percent of revenues re-

ceived will go to regional budgets and 60 percent to local authority

The government is counting on accraing some 40.4 billion rubles (\$6.5 billion) from the new tax for Earlier in the day, Parliament also

approved on first reading another key element of the government's tax reform, an overhaul of personal income tax including the scrapping of exemptions, expected to bring in another 18.3 billion rubles.

The Duma also approved in the final reading a single tax on small business, which is expected to increase tax collection and stem tax evasion by small businesses by simplifying filing procedures.

The Duma is scheduled to start a monthlong recess after Thursday's session. President Boris Yeltsin has said he may decree any pieces of the program that the Duma fails to

C&W Will Market New Shares To Cover Cost of MCI Internet

LONDON — Cable & Wireless PLC said Thursday it would sell new shares to raise £887 million (\$1.5 billion) after expenses to pay for most of its acquisition of MCI Communications Corp.'s Internet

The purchase for \$1.75 billion in cash was cleared Wednesday after the U.S. Justice Department approved WorldCom Inc.'s acquisi-

C&W plans to sell 112 million shares at 800 pence, representing 5 percent of its total shares. The purchase, which C&W said

would be 'slightly earnings dilut-ive' for the first 18 months and earnings enhancing thereafter, will make the company the world's second-biggest Internet carrier after WorldCom Inc. It will also establish it in the U.S.

market with \$375 million expected in sales this year, 1,300 wholesale customers that resell Internet ser-

vices to others and 3,300 corporate customers that use MCI for direct Internet access

"The price looks pretty good; it looks like a fairly normal price for an Internet business," said Mark Lambert, an analyst at Merrill Lynch, backing C&W's claim that it paid a "fair" price for MCI's In-

C&W said it paid 2.7 times revenues compared with the average three to six times revenues other companies have paid for Internet

C&W shates fell from 836p to 814p.
"The Internet is the fumre of Richard

communications," said Richard Brown, chief executive of C&W. The \$1.75 billion acquisition has turned Cable & Wireless into a top U.S. Internet player overnight, but market attention was turning already on Thursday to British Telecommunications PLC's trans-Atlantic plans. (Bloomberg, Reuters)

Charge Cuts Volvo Profit

STOCKHOLM - Volvo AB on Thursday reported a pretax profit of 6.11 billion kronor (\$765 million) for the first half, 23 percent lower than a year earlier.

Volvo said profit was cut by a 910 million kronor charge for restructuring after the acquisi-tion of the construction equipment unit of Samsung Heavy Industries of South Korea. Volvo's sales increased to

101.7 billion kronor, after 89 billion kronor a year earlier. North American sales rose by 26 percent and European by 13 percent. That more than compensated for a decline in Asia, the company said.
Volvo said it would exercise

an option to buy 10 percent of the engine maker Deutz AG from Deutsche Bank AG.

(AP, Reuters)



Very briefly:

. W.H. Smith Group PLC, Britain'a biggest bookseller, said profit before exceptional items and tax in the year to May 31 rose to a record £143 million (\$234 million), while total group sales rose 5 percent to £2.1 billion.

• The Dutch jobless rate fell in June to 4.2 percent, its lowest level in more than 17 years, the Central Bureau for Statistics said. The average number of unemployed in the three months through June fell to 288,000 from 297,000 in the previous three-month period.

Daimler-Benz AG is to convert its German bearer shares and American Depositary Receipts to registered shares once shareholders approve its \$41 billion takeover of Chrysler Corp.

· Colt Telecom Group PLC, a U.K. telecommunications company, agreed to buy ImagiNet, France'a biggest independent Internet business service provider, for 120 million francs (\$20 million) in cash and shares.

• The German Federal Cartel Office will

Sydney

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block Kirch Group's plan to gain a majority of . SAT-1, a private broadcaster, unless Kirch can prove that the move, coupled with a larger stake in the pay-TV channel Premiere, would not let it dominate the German television market. · Britain's public sector showed a deficit of

£6.148 billion (\$10 billion) in June, which followed a deficit of £2.509 billion in May. • Renault SA, France's second-biggest carmaker, said its worldwide car and utility vehicle sales rose 16.8 percent in the first half of the year

from the same period last year to 1.06 million. • AMB Aachener & Muenchener Beteiligungs AG, Germany's third-largest insurer, said it sold Dutch unit Rodutch Holdings BV to Assurances Generales de France for 1.35 billion Deutsche marks (\$750 million).

• Finland's unemployment rate fell to 12 percent in June, with 323,000 Finns out of work, from 14.6 percent in May, Statistics Finland Reuters, Bloomberg, AFP

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WORLD STOCK MARKETS

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INTERNATIONAL

East Europeans Wary of Vienna's Plan for a Regional Stock Exchange

By Peter S. Green

PRAGUE - As merger fever grips the world's stock exchanges, a plan by the Vienna bourse to create a super mading mart for Central and East European equities has met with skepticism and opposition from the region's more successful exchanges.

In a joint venture with the Frankfurt stock exchange. Vienna wants to create a new East European exchange by mid-1999. It would list the top equities from Adapest, Warsaw, Prague and Mos-

The Viennese organizers hope that the safety of Austrian regulation and the access to Frankfurt, home of Europe's new single currency, would open the coffers of Western Europe to investment-starved exchanges across the

landscape of post-Communist Central and Eastern Europe. But officials at the various local bourses fear the Vienna exchange would, if successful, skim the bluechips from their own developing mar-

Brokers and investment bankers who trade in the region argue that a Viennese bourse would be too far from both the investors and the stocks to attract busi-

The planned exchange, provisionally dubbed Ostboerse ("Eastern Bourse"), would be a joint venture between Frankfurt and Vienna and would take advantage of the German Xerra electronic trading system to limit costs.
"We want to list all the major blue-

chips from Central and Eastern Europe on this new exchange," said Christian Imo, co-chief executive of the Vienna

exchange. Frankfurt has agreed to transfer to Vienna some 80 Central and East European issues it already lists. They would join the 20 Eastern shares already on the Vienna exchange and on Vienna's small Eastern options ex-

change.
"The reason somebody should be listed there is to get an entrance to the euro zooe, and for iovestors from Europe - and later on from the U.S. to have a single entrance point to the East," he said.

The Prague Stock Exchange, plagued by years of insider trading, weak dis-closure rules and poor enforcement is the only regional bourse that seems in-terested in the project.

'If issues are listed on the PSE at the same time, they will bring that regulatory environment to our market, said Vladimir Ezr. vice president of the

Prague exchange.

But Mr. Ezr. like other regional bourse managers, said he would really like to see Prague's participation limited to the Xetra trading system. "We want to be a full member of an international oetwork. We don't want to be a substock exchange doing our trading through Vienna," he said. The chief executive of Warsaw's

thriving stock exchange. Wieslaw Rozlncki, was more outspoken. He said Mr, Imo's aim was clearly to steal Warsaw's best issues, and that would not be good for the Polish market.

While a superbourse might attract new investors, particularly Germans, and raise the price of Eastern equines generally, Mr. Rozlucki feared that the second and third tiers of issues remaining in Warsaw, Prague, Budapest or Moscow would not benefit.

In our market you can easily shift from large companies to small companies and back. If you have only blue-chips there's nowhere for the money to go,

Financiers in the City of London say the project is doorned to failure. Vienna has wanted to do that since 1990 or 1991, and the issue is either you

go where the companies are or where the capital is, and Vienna doesn't fit into either of those categories," said Douglas Rediker, an investment banker at Merrill Lynch in London. "London is the home of the European investor com-

In fact, about 25 percent of Eastern Europe's trades, by value, take place in London, and most large Eastern companies place depositary receipts in London or New York when their home market

lacks the capital to absorb a new share

Despite widespread skepticism, Mr. lmo seems prepared to persist on sheer willpower, though with a whiff of desperation. Vienna's home market is one of Europe's least active bourses.

"We have decided that our only chance is Central and Eastern Europe,"

We have the know-how, we have the technology and we have said this is our main strategy, this is the difference, and no one says this in London."

Farbod Lofti, vice chairman of the Budapest Stock Exchange, said Vienna listings would bring no added value for Hungarian companies.
"Vienna is not the center of investment anymore. Investment for Hungary

comes either from local investors or

London-based investors," he said,

Labor Chiefs In Korea Vow to Fight Despite Odds

By Don Kirk International Herald Tribus

SEOUL - Labor leaders threatened with arrest took sanctuary on the grounds of Myongdong Cathedral on Thursday, but their defiance found little broad support as most striking industrial workers returned to their jobs.

About a dozen union leaders held out against arrest warrants charging them with carrying out "illegal strikes" this week. Several hundred policemen guarded against the pos-sibility of violence but refrained from going onto the cathedral grounds.

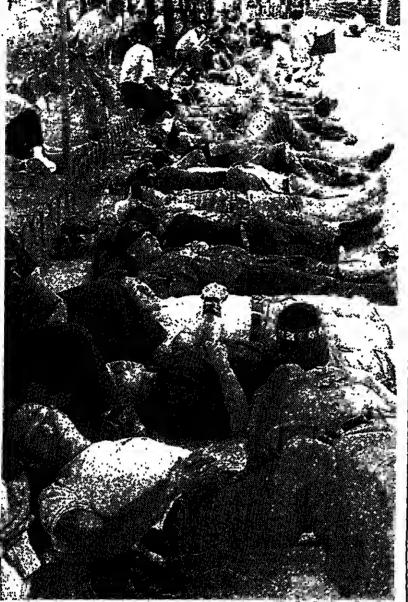
If they arrest me, the workers will be outraged," said Lee Kab Youg, president of the militant Korean Confederation of Trade Unions, whose 600,000 members dominate most of Korea's heavy industries as well as some financial institutions.

Mr. Lee and other union leaders planned another "general strike" next week after calling a halt this week to walkouts, which seek to prevent layoffs as part of the country's economic restructuring.
"Next week will be much worse,"

said Mr. Lee, who has spent a total of four and a half years in jail for leading strikes in the early 1990s at Hyundai Heavy Industries, the shipbuilding giant of the Hyundai group, the country's leading chaebol, or conglomerate. "We will begin our strike on Wednesday, and it will be indefinite," he

said. "They cannot arrest all of us.". The defiance of Mr. Lee and other union leaders contrasts with the relalively tepid response to the strikes this week, in which no more than 55,000

undai Motor Co. said they had won spokesman said.



South Korean strikers napping Thursday in a Seoul park after staying up all night to protest job cuts as part of the nation's economic reforms.

agreement from the company to slash Banks Won't Have to Merge bours and wages rather than dismiss workers, the company said it was culting 2,678 of its 40,000 workers and part. Some attribute this to what is seen furloughing 900 more for up to two as the futility of their cause.

Two hours after the strikers at Hy
Two hours after the strikers at Hy-

South Korea backed away Thursday

News reported from Scoul.

Bottler Emerges From Coke's Shadow

By Constance L. Hays New York Times Service

NEW YORK -- Coca-Cola Enterprises Inc., the bottling company that is ever the bridesmaid to the giant Coca-Cola Co., is getting a turn in the spot-

While the Asian economic crisis deepens, stock in the bottler provides a brand name that investors trust without the added exposure to Indonesia, Thailand, Japan and other countries whose bubbles have burst. Foreign sales account for 80 percent of Coca-Cola's total business, and the company's profits have been crimped slightly as falling cur-

rencies reduce the value of those sales. Coca-Cola said Thursday that its second-quarter profit fell 9 percent, ro \$1.19 billion, despite an increase in revenue, to \$9.6 billion from \$9.2 billion a

The company's sales in the United States are skipping along, with growth of about 10 percent annually, impressive for a mature market in which Coke products are consumed at the rate of slightly more than one eight-ounce serving a day for

each man, woman and child, Coca-Cola Enterprises, the largest

65 percent of Coke's U.S. sales volume. The bottler also handles Dr Pepper, the No. 6 soft drink in the United States, and gets about 32 percent of its business from Western Europe and Canada.

For the last 18 months, it has been on an acquisition binge, snapping up Coca-Cola Bottling of New York, Coca-Cola Bottling of Canada and Coca-Cola Southwest, as well as a \$2 billion British bonler, Coca-Cola & Schweppes Beverages Ltd. Last month, it announced plans to acquire Great Plains Bottlers & Canners Inc., a Midwest bottler.

Margaret Carton, director of investor relations for Coca-Cola Enterprises, says that even without the acquisitions, the company will meet its goal of 10 percent growth in 1998.

All this leads to new-found respect in an industry in which the bottlers, clinking angrily under their breath, have long had to take a back seat to the soft-drink

A year ago, shares in Coke Enterprises were trading at \$21, up from a split-adjusted offering price of \$5.50 in 1986. In April, the share price popped through the \$40 barrier for the first time and leaped higher a few days later after

bottler in the Coke system, accounts for an announcement that the company president. Henry Schimberg, had pledged to stay on two more years as chief executive, and three subsequent years as a consultant. The chairman and chief executive, Summerfield Johnston, agreed to remain as chairman for an indefinite period.

In May, two stock analysts speaking at a beverage-industry conference recommended the stock, even over Coca-Cola. And last month, at the Coca-Cola Company's biennial presentation before investment bankers and portfolio managers, officials of the bonling company were included on stage for the first time, Late Thursday, the bottler's shares were trading at 41.1875, up .4375.

The heightened interest in Coke Enterprises can be attributed to several factors besides concern about the Asian crisis and management savvy. First of all, a bottler bonded in any way to Coca-Cola Co. looks good, simply because Coke is, as the saying goes, running on all cylinders. Volume is up, both worldwide and in the United States.

Second, Coke Enterprises has been through a series of consolidations and aligned its markeong and business

FIAT: American-Style Leadership Promised at Italian Carmaker

Continued from Page 13

added that he was equally unimpressed by the margins at the biggest carmaker in the world, General Motors Corp. "I think this is a sector which has low profit margins, but our primary objective will be to create more shareholder value and increase margins here," he said.

In the past Fiar, the third-largest automaker in Europe, with 1997 pretax profits of 4.2 trillion lire (\$2.37 billion) over." on group revenue of 89.6 trillion lire, has been criticized for not doing enough to protect minority investors.

and a reform of Italy's clubby form of capitalism, the Italian-born Mr. Fresco the Rizzolt-Corriere della Sera publish-

tor, he planned to familiarize himself with Fiat's activities between now and October, and said he would then concentrate on strategy, globalization and the Italian political establishment, Mr. international agreements, working Fresco said industry and politics should closely with the chief executive of Fiat, be "independent of each other" and Paolo Cantarella.

haven's relaxed a covenant or that it had an interest in buying into here or there," said William Kia Motors of South Korea. He said that reduce the workweek from 40 to 35 Newby, a managing director despite the consolidation in the global hours, Mr. Fresco said the move 'is not in charge of Bank America's car market, typified by Daimler-Benz coherent with what the industrialized

Fiat could stand on its own.

"In the automotive sector this company has the strength, the dunension and the strategy to survive on its own," Mr. Fresco said. He was careful to add, however, that "if there are opportunities

we won't stay outside the window."
Under his leadership, Fiat will concentrate on its core vehicles business, he

In addition to its automotive business. which includes the Fiat, Lancia, Alfa Romeo and Ferrari brands, Fiat controls Asked whether he agreed with calls - the Toro Assicurazioni insurance busiissued by the late Giovanni Alberto Ag-nelli, nephew of the Fiat patriarch, Gi-equipment and owns one of the leading

It also holds the largest equity stake in said the younger Mr. Agnelli had been ing group (which in turn has a joint very modern in his outlook." venture with the International Herald Mr. Fresco said that while he did not Tribune that publishes a daily supple-have experience in the automotive sec-ment of Italian news in English in the Herald Tribune that is distributed in

When asked how he would relate to noted: "I can't comment on the way Mr. Fresco denied media reports that things worked in the past, but my exously boom-and-bust nature gambling companies. Fiat was holding merger talks with Bayof the business. Fiat was holding merger talks with Baymost non-existent."

Commenting on legislation that will

introduce more flexibility in order to compete with low-cost manufacturing in developing countries. Anything that intposes limits on labor market flexibility by law is mistaken."

Group Drops Plan For India Airport

Blandberg News

BOMBAY - A group of Indian, U.S. and Singapore companies said Thursday that it had dropped plans to build an airport in the southern Indian city of Bangalore, after years million project from starting.

The group, comprising the U.S. based aerospace company Raytheon Co., India's Tata Industries Ltd., a consortium of Singapore companies and the southern state of Karnaiaka, said it was tired of waiting for the government approvals to start building the airport. The team was chosen for the project more than two years ago.

Malau Puranik, deputy director of corporate communications at Tata. said that the group had pulled out because of government delays.

The estimated cost of the project was about 12 billion rupees (\$282 million) for the first phase and another 25 billion rupees during the first 15 years of operation.

LENDERS: U.S. Banks Seen Flirting With Risk in Rush to Lend

getting narrower and maturing, lending to midsized of the business.
ties were being lengthened companies and commercial Banks had ab If you are cutting the prices of real estate lending. loans and extending the terms, you hetter be darn sure what the future holds."

when the economy is the most robust it has been in decades, and banks, whose lending is buttressed by newfangled oniputer safeguards, are enjoying record profits?

Regulators and others are still haunted by the ghost of the 1980s banking debacle, the deals," said Robert when scores of major banks were brought to their knees by officer. "We're comfortable were brought to their knees by reckless lending. When the Bank of New England collapsed in 1991, most regulators were caught by surprise. By the time the smoke cleared in the early 1990s, 11 of the nation's 50 largest banks had to be closed or sold loans. Mr. Strong pointed out because of bad loans. As a result, it became harder than at any time since the Depression for businesses and con-

omy cannot surge indefinwoes have more impact in the lending could once again wreak havoc if the economy nits a walk.

Amid the rush to lend, the credity orthiness of borrowers is moving rapidly down-

scale In 1995, only about 12 percent of syndicated loans went to companies already carrylang heavy debt and subpar fereda rannes, according to the comparoller of the currency. By 1907, fully 17 percent of syndicated loans were to such indebted borrowers. And at the end of this year's first quarter, that figure had voured to 31 percent.

But big banks said they hat the future holds." lending practices and con-Why such hand-wringing stantly reviewed loans to that they said might be less cautious in their lending. "We think we've appro-

priately priced and structured

tinize and "stress test" large that since the 1980s, Chase has diversified its lending and sharply reduced the number of loans it holds.

With many analysis now warning that the U.S. econcollapse in the early 1990s itely, especially if Asia's because of errant lending and has since instituted tongher United States, regulators are lending policies, bas expan-concerned that imprudent ded its commercial and industrial loan portfolio to \$59.3 billion last year from about \$36 billion in 1992. But analysts and the bank said they were comfortable with the quality of those loans.

Real estate lending, the perennial bogeyman of the banking business, appears to relacively throughout the industry, but analysts said there were early signs that lending guidelines

were drooping.

A recent study by the accounting firm of Deloitte & Tooche observed that construction loans that once had conservative maturities of

Continued from Page 13

Julie Williams, the acting comproller, said in an interber, "said Charles Peabody, a bank analyst with Mitchell Securities Inc. in New York "The Fed said the pricing was standards in syndicated lending narrower and mature." Banks had about \$400 bil-

lion in commercial mortgages last year, up from \$300 billion were vigilant about their in 1993, Deloitte said. Banks' make sure they were sound. real estate investment trists money with no covenants at They said the Fed's lending and the packaging and selling survey was skewed by loans from smaller, regional banks ties, is harder to quantify because no comprehensive, entirely accurate statistics are

Las Vegas, the nadon's many lessons from past exfastest-growing city, has en- cesses, and the average bank joyed a building boom fueled is exercising more diligence by such buge projects as than was the case in the late Mirage Resorts Inc.'s \$1.6 1980s," said James Mc nere are not a lot of billion Bellagio casino. The quick, informal handshake kind of deals," Mr. Strong said, adding that Chase regularly takes months to see the control of the control o lysts question whether there financial institutions. "But

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exposure to related forms of gambling portfolio. "But AG's agreement to buy Chrysler Corp., world is trying to do, and namely to lending, including loans to, we're not giving away cheap

only a handful of people will be the first to know. 'The industry bas learned

than was the case in the late Cormick, president of First Manhattan Consulting Group, which specializes in will be enough demand to ultimately, only the regula-support such huge hotels. ultimately, only the regula-tors will know whether some support such huge hotels.

BankAmerica Corp., the banks are pushing the lending largest lender to Las Vegas envelope too far."

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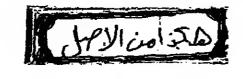
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ASIA/PACIFIC

IMF Resumes Loans To Support Indonesia

JAKARTA- The International rupiah. Monetary Fund resumed lending to Indonesia on Thursday, approving a \$1 billion disbursement for the country's battered economy and promising an additional \$6 billion hy March.

Despite the additional aid, the Indonesian government published a revised budget, projecting that the economy will shrink by 12 percent and inflation will accelerate to a rate of 66 percent for this fiscal year.

The original budget, announced in lanuary, had forecast zero economic growth and inflation of 20

The Fund last released funds to Indonesia on May 5, before riots devastated Jakarra and forced Pres-

ident Subarto to resign.

The latest \$6 billion in commitments from donors - including the World Bank, the Asian Development Bank, China and Anstralia follows the \$43 billion bailout arranged by the Fund last year.

Indonesia desperately needs the cording to a presidential decree money to offset a budget deficit that made public Thursday. money to offset a budget deficit that is widening because of growing subsidies for food, medicine and other basic items.

The coordinating minister for the Indonesian investments. welcomed the fresb funding pledges, adding that the country required about \$10 billion or \$11 billion to meet the budget deficit of the country required about \$10 billion to meet the budget deficit of the country required about \$10 billion to meet the budget deficit of the country required about \$10 billion to meet the budget deficit of the country required the country required to give certainty to investments.

The decree was "designed to give certainty to investments.

The decree was "designed to give certainty to investments.

Handle the fresb funding the country required to give certainty to investments.

Handle the fresb funding the country required to give certainty to investments. lion to meet the budget deficit and a balance-of-payments crunch.

of its lenders to reschedule principal repayments on some of its \$54.4 billion in foreign debt, Mr. Gin-. andjar said.

Alassane Ouattara, the Fund's acting managing director, said the Fund credited Indonesian authorities for good policy implementa-tion in very difficult circumstances" to prevent a further economic decline.

. Investors were heartened by evidence that the two-month-old govemment of President B.J. Habibie would be able to secure the aid it nies. needed to feed the poor and limit a

Swelling budget deficit. The Jakarta composite stock index rose by 1.4 percent, or 6.43 points, to 473,77. The rupiah surged He said that the full text of the by as much as 14 percent to a five- decree would be ready by the end of week high, with the dollar closing at the month.

•

13,750 rupiah, down from 14,350

The fact that the IMF guys decided to drop this money is a vote of confidence in President Habibie and his government," said Derrick Lee Hong Peng, senior currency analyst at MCM Asia Pacific Ltd.

But Rizal Ramli, bead of the private economic consulting group Ekonit and a long-time critic of the government, said: 'This money is nor sufficient. It's going to be used for social safety net programs, which is good, but it does nothing for the general economy.

Jakarta Limits Media Owners

Agence Frunce-Presse

JAKARTA -- Foreigners remain barred from investing in the Indonesian media, from television to radio, the written press and cinema, ac-

The decree by President B.J. Habibie dated July 2 sets out which sectors are off-limits to direct non-

Apart from the media, foreign investments are banned in any field included the rescheduling of debt, but added that some fresb money will also be forthcoming.

will also be forthcoming.

Foreign investors are not allowed to run buses or taxis, exploit uranium resources, manage the aquaculture of fresh water, hold forest concessions or produce certain chemical products, explosives or alcobol.

> Presale services are also closed to foreign firms, but outside retailers are still allowed operate large-scale business such as shopping malls and supermarkets.

However, the decree stipulates that foreign investors can enter the closed sectors indirectly by purchasing shares in Indonesian compa-

The minister added that the government had drawn up a list of measures to attract foreign investment to the country, but he did not elaborate.

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Chinese Debate Yuan in Public

By Michael Laris shington Post Service

BELIING -- China's economic policymakers and business execunives are engaged in an unusual semi-public debate over the future of China's currency, the yuan.

Despite government pledges to the contrary, many exporters in China want it to be devalued, sparking fears that such a move by Asia's new economic giant could deepen this region's economic crisis and burt economies around the world

as well. China's prime minister and top economic policy-maker, Zhn Rongji, has

pledged that China's currency will not be devalued. But some of China's exporters, pummeled by numbling exports to Asia, are calling for relief, including devaluation. Devaluing its currency, also called the renminbi, or the 'people's money," would help make China's exports cheaper and more competitive, these exponers

Currencies across Asia, from the Japanese yen to the Indonesian rupiah, have dropped dramancally, and much of the region has sunk into recession over the last year. Another round of competitive de-valuations would likely be sparked by any Chinese devaluation, many economists believe.

China's export growth has slowed to 7.6 percent in the first six months of 1998, from 21 percent for all of 1997, and some here say Chemical Import/Export Corp., in ment has pleasing everyone.

the Dalian Shipbuilding Industry Corp., for instance, have seen their sales undercut by South Korean companies. 'Of course we hope the renminbi is devalued 10 percent," said an official, who spoke on condition of anonymity.

that happened, our profits would increase 10 percent. The government-run China

China's policy squabbles are usually hidden under a guise of Communist Party unanimity.

> Daily acknowledged in an antidevaluation editorial last week that such sentiments were common. "Many people at bome have re-iterated that China's export competitiveness will be severely undermined if China does not devalue its currency," it wrote.
> The debate over the yuan's fu-

ture is unusual because Chinese policy squabbles are so often hidden under a guise of unanimity demanded by the Communist Party. But as the central government continues cutting subsidies to - and selling off - moneylosing state enterprises, different and sometimes conflicting interests are arising. One example of the collapse of the Chinese monolith is the exporters now angling for a cheaper vuan.

China should not pay the price of China's economically backward keeping Asia affoat. Officials at northwest, total sales this year are down 30 percent because of lost markets in Asia, according to Rui Shengrong, a company official. Orders have been canceled, and firms in Vietnam and Thailand with cheaper raw material costs are taking away business.
"Only if China's exports grow

10 percent this year will the whole economy grow 8 percent, "he said, citing the government's tar-

get for economic growth.

So there should be some preferential policies. A lot of export companies want there to be a devaluation. But Mr. Rui said the cen-

tral government had a "wider view," and that exporters were being "one-sided" in their calls for a devaluation because of the possible negative effect on the stability of the Hong Kong dollar. Mr. Rui said a tax rebate, which

Beijing recently gave to some export industries to reduce pressure for devaluation, would be a nice

Mr. Rui's enterprise used to bave a 17 percent tax rebate on exports, but that was cut to 9 percent as part of efforts to join the World Trade Organization. Beijing also is considering lowinterest loans as an alternative to devaluation.

The distances between our provinces are as great as they are between your different countries." be said, trying to explain At the Ningxia Machinery & the difficulty the Beijing govern-

Tokyo Nikkei 225 Hong Kong Singapore Hang Seng 17700 12000 17000 / 1 1600 1 11000 N :2000 15400 7 1450 / 15200 500 15200 8000 14500 F M A ¹⁹⁹⁹ F М А М Ј Ј Exchange Prev. Index Thursday Close Change Hong Kong Hang Seng 8,586.57 8,456.22 +1.54 Singapore 1,073.97 1,056.01 +1.70 Straits Times All Ordinanes 2,810.60 2,773.90 +1.32 Tokyo Nikkei 225 16,731.92 16.614.14 +0.7 Kuala Lumpur Composite 429.99 433.54 -0.82 Bangkok SET 282.01 273.75 +3.02 Seoul Composite Index 330.35 313.42 +5.40 Taipei Stock Market Index 7,924.84 7,875.91 +0.62 1,797.00 1,794.06 +0.16 Manila PSE 473.77 467.34 +1.38 Jakarta Composite Index NZSE-40 2,131.72 2,105.99 +1.22 Wellington 3,488.77 3,365.72 +3.66 Sensitive Index Bombay

Very briefly:

Investor's Asia

 Ruyal Ahold NV, the Dutch supermarket company, is buying 27 supermarkets through its Malaysian joint venture from Parkson Corp., Malaysia's largest retailer.

 Read-Rite Corp., a California company that makes heads for disk drives, plans to cut 18 percent of its worldwide work force. It will fire all its workers in Malaysia, close the plant and move the operations to plants located in Thailand and the Philippines.

 PT Perusahaan Listrik Umum Negara, Indonesia's electricity company, reported a loss of 6.2 trillion rupiah (\$455 million) for the first half of the year. Ditteng Marsudi, the president of the company, is expected to lose his job.

· Liz Claiborne Inc., a New-York clothing label, is establishing a joint venture with Jusco Co., the Japanese parent of Talbots Inc., the American clothing retailer.

 Lake Co. Ltd., a Japanese consumer credit company, is negotiating the sale of its assets to GE Capital Service Corp.. a subsidiary of General Electric Co. of the United States.

 Japan Airlines Cu., All Nippon Airways Co. and Japan Air System Co. - Japan's three major airlines - have all booked fewer flights for the peak summer travel season than last year, prompting analysts to warn of lower earnings,

• International Business Machines Corp. and NEC Corp. will work together to establish a standard for relectronic watermarks "to protect copyrights on products such as digital

 Moevenpick Holding AG, Switzerland's largest listed restaurant and hotel company, bought a stake in Karos Hutels Ltd. of South Africa.

 Hong Kong's Census and Statistics Departments said fastfood restaurants saw business increase 4.9 percent in the first quarter, while sales at more traditional Chinese testaurants fell

Japan's Current-Account Surplus Up 62%

Agence France-Presse

TOKYO - Japan's current-account surplus in May soared 62 percent from a year earlier as imports tumbled, the Finance Ministry said Thursday.

Japan's current-account surplus, unadjusted for seasonal factors, totaled 1.409 trillion yen (\$10.03 billion) in May.

The surplus, which measures the flow of goods and services as well as investment income and other monetary transfers, was far higher than market predictions, It marked the 14th consecutive monthly year-onyear increase in the surplus.

2.499 trillion yen, their worst fall straight month that exports had de- plus," Mr. Ishikawa said.

since December 1991.

of the Japanese economy, it is bard

The falling imports were a clear effect of the recession gripping the world's second-largest economy. 'Considering the current health

to see imports rising to narrow the trade surplus," said Makoto Ishikawa, an economist at the Japan Research Institute. The Finance Ministry blamed the

slump in imports on reduced imports of crude oil. Imports based on the value of crude oil fell 39.3 percent from a year earlier in May. Despite the falling value of the

yen, exports slipped 1.8 percent to Imports dropped 18.1 percent to 3.91 trillion yen. It was the second

clined, and analysts said this indicated the poor condition of the economy and the depth of the recession. Nevertheless, the Finance Min-

istry was optimistic. The dontestic economy is expected to recover after summer due to the government's economic package, and this will work as a factor to pressure the trade surplus, an official said.

Officials have pinned their hopes on a huge stimulus spending plan that was announced in April. But the problems of our economy right now are so severe that a single stimulus effect will not make

a significant difference to the sur-

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Zagallo Adds to Ronaldo Saga

WORLD ROUNDUP

SOCCER Mario Zagallo, coach of the Brazilian national soccer team, dismissed criticism of his decision to allow Ronaldo to play despite convulsions the team's star forward suffered hours before the World Cup final, a Brazilian newspaper reported Thursday. The owner of Ronaldo's Italian club, Massimo Moratti, criticized Zagallo, saying "the Brazilian federation behaved in an absurd mann

O Estado de Sao Paulo quoted Zagallo as saying that Moratti also had put undue pressure on Ronaldo.

Dismissing speculation that Ronaldo might suffer from epilepsy, Brazil's team doctor, Lidio Toledo, said Thursday that Ronaldo's seizures Sunday were "due to stress." Roualdo was shown on TV Globo News walking past reporters outside his mother's house Thursday without

comment. He has repeatedly refused to speak to reporters who have pursued him relentlessly since his return from

Trance earlier his week.

The coach of the Netherlands' World Cup team,
Guis Hiddink, has signed a two-year contract to manage
Real Madrid, the European Cup champion, the club
announced Thursday.

Gerard Houllier, the former coach of the French national team, was appointed joint manager at Liverpool on Thursday. Houllier, 50, signed a two-year contract to work alongside the team's current manager, Roy Evans. (AP)

A World Cup Series for Baseball?

BASEBALL The head of the Players Union, Donald Fehr, and baseball owners have entered into discussions about international play, including the Olympics and a World Cup-style tournament.

There's a feeling that there's a lot of work to do and there's an opportunity out there," Fehr said after a meeting Wednesday. "We have to come up with an

operating plan."
Paul Beeston, the chief operating officer of Major League Baseball, said that the talks included the November All-Star tour of Japan; the potential of playing games outside of the United States and Canada: the qualifying rounds for the 2000 Olympics, and an international tournament based on soccer's World Cup.

Which Golf Courses

will you be playing

next weekend and on

your next vacation?



Tiger Woods, left, and Nick Price playing in the British Open.

Woods Enjoys an Iron Swing

By Leonard Shapiro Special to the Herald Tribune

SOUTHPORT, England - Tiger Woods had just saved a precious par. on the first hole by making a dicey eight-foot putt — this, after bashing a 3-wood off the tee into the strangling rough. After seeing his dreadful lie from the tee shot, he grimaced, and thought "realistically, I'm facing bogey right in the eye."

Instead Woods rolled out a 9-

Instead, Woods pulled out a 9-iron, and with a mighty swing that sent grass flying every which way, he floated the ball over a bunker guarding the green 108 yards away and watched it stop about 25 feet from the pin. He two-putted for a breathtaking par and said afterward "I felt really good about my game."

More than three hours later, Woods would walk off the course still feeling fabulously about his play Thursday, despite a sloppy bogey at the 18th. His six-footer for par lipped out, preventing him from owning the outright lead after the first round of the 127th British Open. But clearly he and many others had few complaints about mostly benign Royal Birkdale.

Instead, after a day of early breezes and cloudy skies had given way to almost dead calm, balmy conditions in the afternoon, Woods had posted a 5-under round of 65 that left him tied for the 18-hole lead with a fellow American. John Huston, with four birdies and an eagle on the back nine.

Nick Price, Fred Couples and Loren Roberts were one shot behind Woods and Huston at 66. Mean-

Justin Leonard shot a 3-over par 73.

Another American, Brad Faxon, also was a tad giddy finishing two off the lead with a 67 in a group that included a fellow Ryder Cup member, Davis Love 3d, Vijay Singh of Fiji and Fredrik Jacobson of Sweden. Faxou had only 23 putts for

a putter this week that had been bent in three places. Woods, the world's No. 1 ranked player, has not led after a single round in a major championship

the day — "my best putting round of the year," he said, after repairing

BRITISH OPEN

since he walked off the 18th green at Angusta National a year ago last April with a 12-shot victory. Ironically, Huston held the first-round lead at that memorable Masters before fading with a 77 in the second round and an eventual tie for 21st

Huston, who has four career PGA Tour victories, had an eagle-birdie finish after an early morning start. He made a 40-footer at the 547-yard 17th to get to four-under, and fin-ished off his round with a 7-iron shot that landed four feet from the 18th hole and one final putt.

Woods prepared for his fourth British Open by taking a trip to Ireland last week with his friend and Orlando ueighbor Mark O'Meara.

They played golf, joined occasionally hy Payne Stewart, and went fishing almost every day. And Woods also kept the putter he had "It would be 10 times more difficult borrowed the week before from if I shot a bad round today then had shoot a 62 in his last round back while, the defending champion home before leaving for Europe.

O'Meara, who shot 63 that day: may never get that putter back after Woods' used it to make four frontside hirdies and seven overall. Just as significantly, Woods only used his driver on four holes, taking a thinking man's route around the dunes and all the other disasters lurking on this unforgiving seaside course.

His most spectacular birdie of the day came at the 411-yard 9th, 1 slight dog-leg to the right with the corner guarded by an imposing bunker. On the tee, Woods asked several photographers to move out of his sight line as he aimed dead

right over the bunker. It was a 380-yard drive, followed by a lovely sand wedge to three feet and a birdie putt that pushed him to 4-under for the round.

In the end, though, he said his round essentially got jump-started with that magnificent shot out of the rough at the second hole.

"Man, the lie was horrible." Woods said. "I thought there was no way I could have come out the way it did. It flew to the middle of the green. I went at it with a 9-iron just about as hard as I possibly could. If I turned it over I could smother it and it might go 4 feet." And now, with the weather report calling for a return to, stronger wind and far tougher considitions, Woods likes his position.

"Shooting a low round today really does make you more com-O'Meara, one Woods had used to to go out tomorrow and try to shoot a great round to get myself back into it under some terrible conditions."

On a Bad Day, Westwood Keeps His, and Britain's, Hopes High home in July. Westwood is 25: a little most to Europeans, Woods and the par, a television spotter said in what management, and Westwood has wide around the waist but far ahead Americans had the far superior amounted to a stage whisper, managed it well recently. But on the By Christopher Clarey

International Herald Tribune

SOUTHPORT, England - Lee Westwood, the young Englishman who has impressed so many of his golfing elders with his composure, watched his long approach shot land in the rough near the 17th green on Thursday and angrily drove the blade of his 4-iron deep into the fairway.

It has been six years since a Briton won the British Open: six years since Nick Faldo's eternal tinkering left him holding the trophy, a claret jug, at Muirfield.

Faldo has faltered in recent years. Colin Montgomerie's professional game seems better suited to cen- in Valderrama, Spain. Westwood

This year it is a younger man's

of the curve with seven tournament victories in the last nine months.

After one round in remarkably clement conditions at Royal Birkdale, however. Westwood is already six shots off the lead. His 71 was no collapse, but it was not nearly enough to put him deep in the red with an even younger man: Tiger

Westwood got the better of Woods at the Ryder Cup last September, teaming with Faldo to defeat Woods and his parmer, Mark O'Meara, in a four-ball match that eight-figure long-term endorsement helped Europe to its surprise victory.

championship: the U.S. Open.

opening day, and with the weather lish, Westwood may soon have reason to regret the many mediumlength putts he failed to hole.
"I think the crowd was more frus-

trated than I was when the putts missed, but they just want me to do well," Westwood said.

Unlike Woods, Westwood has not stopped reading golf articles about himself. Nor has be had to bother with bodyguards, death threats, screaming teenage groupies or deals, although England's potential star does drive a Porsche.

Woods at the most recent major Westwood must put up with dis- said later. tractions. On the first green, as

in the crowd shouted, "Come on, give him a break."

when he prepared to putt at the 13th and a fan's cellular phone began to the jug' banners were well out-play Beethoven's "Ode to Joy." If numbered by those who had Westwood had been Montgomerie,

"If you need a telephone on the ing up with another one with a 35. course, you are too busy and you foot putt on 17 after his poor apsnould be in the office.

amounted to a stage whisper, managed it well recently. But on the "Westwood to putt!" Westwood par-5 15th hole, his fairway driver par-5 15th hole, his fairway driver expected to take a turn for the Eng- backed away, and an English voice from 260 yards away sliced right into a large gorse hush. He would end up with another bogey and drop Westwood would bogey, and there to 3 above par, would be another break in his rhythm

By this time, the young English

fans waving the "Lee Westwood #. scanned the list of tee times and the offending fan might soon have discovered that Woods was only been humming a very different tune, two groups behind. But even with but the generally unflappable Eng-lishman simply smiled, shook his head and stepped away. fewer witnesses. Westwood still managed to prove his worth, finally getting a birdie at 16 and then comfewer witnesses. Westwood still getting a birdie at 16 and then com-

It was hardly his best day of 1998. Golf, like another richly rewar- but it was not yet enough to ruin his But at the tournament that matters Westwood prepared to try to save ded game, finance, is all about risk week, or for that matter. Britain's .-

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JAPANESE LEAGUES

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GAN, 25 hours two minutes 16 seconds; 2. Hincopie at 7sec; 3. Bo Homburger, Denmark, Costno. 11: 4. Jens H Telekom, 14; 5. Xavier Jan, France, FDJ, 32; 6. Poscal Herve, France, Festina, 33; 7. VI-Acosto, Spain, Ban Mr. France, Casino, 45: 16. Francisco Cabello, Spain, Kekne, 58

SOCCER

STARDINGS: Eastern Conference: D.C. 38 points: Columbus 27: NY-NJ 25: Tompa Bay 15: Mami 13: New England 13. Western Conference: Los Angeles 46 points: Chicago

BRITISH OPEN

Greg Turner, N. Zool. Jesper Parnevill, Swe. Philip Wolton, Brit. Raymond Russell, Brit.

Didler de Vooght, Belg. Brundt Jobe, U.S. Michoel Long, N. Zept. JP Hayes, U.S. Kyoung Ju Choi, S. Kor. Bob May, U.S.

Derrick Cooper, Brit. Coskratino Rocca, It. Tom Kite U.S.

Dorren Clorice, Ruft Scott Hoch, U.S. 8. Bollesterus, Sp. Tom Watson, U.S. Trevor Dodds, Nor Howard Clark, Brit.

John Duly, U.S.
Jose M. Oluzabal, Sp.
Craig Parry, Aus.
Justin Leonard, U.S.
Para Lawrie, Brit.
Matthew McGuire,
Des Smyts. Brit.
Gary Brown, Brit.
Ross Downmand, Brit.
Steam McGuire, Des eli Ckrydon, Brit.

Stephen Leaney, Aus Fredrik Henge, Swe. Glen Day, U.S.

TRANSITIONS

PARTOOT NATIONAL POOTBALL LEAGUE MAMI—Signed G Jim Bundren.
NY_JETS—Signed FB Dustin Johnson.
OAKLAND—Signed OT Mc Collins to 5-ye

MATION DMONTON Signed RW Michel Riesen Hyper contract PHEADELPHIA Fylan



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Cipollini, Avoiding Crashes, Makes Regal Finish

By Samuel Abt

onal Herald Tribune CHATEAUROUX, France -- There was another crash near the finish of the

Tour de France's daily stage Thursday but this time Mario Cipollini, Il Mag-nifico, was not in the middle of the sprawled bodies and bicycles as he has been twice this week.

Cipollini, the star Italian sprinfer for the Saeco team, was way ahead of the accident - about two bicycle lengths ahead of everybody, in fact.
He had plenty of time to raise his arms

his usual triumphal benediction as he cossed the finish and even to glance back as if he wondered where the rest of the 183-man pack was.

The Lion King — he has a tawny, highlighted mane and a regal air registered his first victory in this 85th
Tour on the kind of terrain he likes best: an extremely long straightaway at the end of a flat 228.5-kilometer (141.7-

eauroux in the heart of France. "I've been waiting," he said of the earlier mishaps. "This was a perfect stage for me, and my teammates did everything right."

Saeco riders led the train into this grimy city and then left Cipollini to pour on the final coals himself.

He easily finished ahead of Erik Zabel, a German with Telekom, and Christophe Mengin, a Frenchman with La

TOUR DE FRANCE

Française des Jeux, second and third among a swarm at the end of the mile-

in one of those nice touches the Tour often provides, the finish line was placed outside the house of Marcel Dussault, who won three stages in the race more than 40 years ago and briefly wore the yellow jersey in 1949 after capturing the first stage.

Old-timers say Dussault took the mile) fifth stage from Cholet to Chat-symbol of leadership by winning a

sprint finish as easily as Cipollini did Thursday.

The Italian was timed in 5 bours 18 minutes 49 seconds, an average speed of 42 kilometers an hour, on a gloomy day with frequent chilly drizzles. Whatever happened to summer?

Cipollini entered the Tour after registering four sprint victories in the Giro d'Italia and four more in the Tour of Catalonia last month:

He has time for another north in his un before the race reaches the Pyrenees

In the contest for overall leadership, Smart O'Grady, an Australian with Gan, retained the yellow jersey. George Hincapie, an American with U.S. Postal Service, moved up a step to second place overall by finishing second in the first of three bonus time sprints to take four seconds off his total elapsed time.

Hincapie trails O'Grady by seven seconds with Bo Hamburger, a Dane with Casino, in third place, 11 seconds

As they did Wednesday, the Postal Service riders went all out to give Hincapie, the American national champion,

a good position in the bonus sprints.

After his second-place finish, he was trapped by a crash in the second sprint and, in the third, was unable to gain any of the 6, 4 and 2 seconds awarded to the first three men across the line because they had been scooped up by a threeman breakaway.

Order was restored and the pack rode intact long before Chateauroux was

Hincapie did his best to win the final sprint but said "The roads were slick from the rain, and I kept worrying about

In the last dash, he was bumped by Zabel and Jaan Kirsipnu, an Estonian with Casino, and swerved to his left

briefly and dangerously.

Kirsipuu and Silvio Martinello, an
Italian with Polti, both crashed. Hincapie stayed upright and finished a strong seventh, gaining no bonus time.



Mario Cipollini celebrating victory in the Tour's fifth stage Thursday.

'Bulldog' Returns To Los Angeles **And Lifts Giants**

Sitting in the visitor's dugout at Dodger Stadium for the first time, Orel Hershiser could barely contain his

Hershiser, who left the Los Angeles Dodgers after the 1994 season, was pitching at the stadium for a team other than the Dodgers for the first time in his career. "It was just another game until the Dodgers went out on the field," said Hershiser, who played with Los Angeles for 12 years. He pitched six strong innings Wednesday night to lead the San Francisco Giants to a

"I don't know what it was, but it felt different. There were times when I had to step back and take some deep breaths," Hershiser said. He was the team's beloved "Bulldog" while playing for Los Angeles

BASEBALL ROUNDUP

from 1983-94, and he ranks 10th in the franchise's record book with 134 victories.

Hershiser (8-7) allowed five hits and three runs two earned - before being removed for a pinch

T've been away from here for 3½ years," Hershiser said. "Baseball moves on I still think I can pitch. I continue on, that's the way the game goes. My stuff, my location tonight was outstanding."

San Francisco's backup catcher, Brent Mayne, had two hits - including his third homer - and drove in

three runs as the Giants snapped a five-game losing Mayne's RBI single in the sixth snapped a 3-3 tie. J.T. Snow had opened the inning with a double off Darren Dreifort (5-8), and took third on Stan Javier's

sacrifice bunt before Mayne's hit. diseks 8, Astres & In Phoenix, Houston's

reliever Billy Wagner was struck in the head by a line drive hit by Kelly Sunnett in the bottom of the ninth inning and was carried off the field on a stretcher. He was taken to a neurological center for tests. Stinnett later scored the winning run. Wagner was found to have lacerations of the ear

canal and was to undergo further tests Thursday. Rade 4, Cardinale 2 Mark McGwire's throwing error in the 11th inning gave Cincinnati its 10th straight victory overall and its 10th in a row on the road. The winning streak is their longest since a 10-game In in July 1975. The club record is 12 in a row in 1957

Padres 6, Hockies 2 Kevin Brown (11-3) won his eighth straight decision and tied a career high by striking out 10 Colorado batters in Denver. Steve Finley hit a three-run homer and Greg Vaughn and



The Giants' Orel Hershiser pitching to Raul Mondesi of the Dodgers. San Francisco won, 5-3.

Wally Joyner added three hits apiece for San Diego, which improved to 22-6 against National League West opponents and a franchise-high 27 games over .500. (61-34).

Braves 12, Mets 1 In New York, Andres Galarraga hit a pair of long home runs and Ryan Klesko also connected for Atlanta. Denny Neagle (10-7) allowed four hits through six innings, winning for just the second time since June 21.

Pirates 3, Cubs a In Pittsburgh, Francisco Cordova (7-8) pitched eight shutout innings to outduel Kerry Wood (8-5), who took a two-bit shutout into the

Browers 3, Phillies 2 Scott Karl (7-4) won the first time in a month, allowing one earned run in seven innings in Milwaukee's home victory. Curt Schilling (9-9) allowed three runs and eight hits for his ninth complete game to lead the major leagues.

Expos 9, Martins 5 In Miami, Rondell White went 4 eight starts...

In American League games:

White Sox 9, Blue Jaye 3; White Sox 5, Blue Jaya 2 In Chicago, Albert Belle hit a two-run bomer in both games, giving the White Sox slugger nine in his last eight games. He has 27 homers this year and 299 in his career. In the second game, Mike Caroso hit a two-run

homer in the fifth to spoil Dave Stieb's first start since 1993 and give Chicago its sixth victory in seven games. Carlos Castillo (4-4) was the winner.

Yankees 11, Tigers & Hideki Irabu pitched eight strong innings and New York hit three home runs in the eighth inning in Detroit Chuck Knoblanch hit a three-run homer, Jorge Posada had a two-ruodrive and Paul O'Neill added a solo shot. Irabu (8-3) gave up five hits as New. York won for the 12th time in 13 games.

Red Sox 1, Indiana 0 Pedro Martinez pitched a four-bitter to outduel Bartolo Colon in a matchup of All-Star pitchers as host Boston beat Cleveland, 1-0. Cleveland's hitters failed to get an extra-base hit for the first time in 138 games.

Orioles 14, Rangers 3 Rafael Palmeiro homered as Baltimore won its seventh straight against Texas and its first on the road in 11 games. Baltimore had 19 hits.

Mariners 4, Twins 1 Edgar Martinez and Dan Wilson pomered in the sixua in and Jamie Moyer (6-7) pitched four-hit ball for eight innings to lead host Seattle.

Royale 5, Athletics 1 In Oakland, Jose Rosado matched a career-high with nine strikeouts and Jeff King homered for Kansas City.

Angele 4, Devil Rays 2 Cecil Fielder homered for the first time in nearly three weeks to lead host Anaheim. Shigetoshi Hasegawa (4-1) earned the victory.

What the Cup Gave France: Joy, Litter and Souvenirs

By Mort Rosenblum

PARIS - World Cup victory gave the French a soul, President Jacques Chirac said, but France also has a mountain of unsold fuzzy suffed roosters, hage over-

time bills and disillusioned merchants. On a grand scale, most Frenchmen agree, the monthlong soccer extravaganza was a smashing success. But now, as accountants begin to total the francs and centimes, others see it as a mixed

Although soccer fans came by the bundreds of thousands, the freer-spending tourists who normally visit France each summer stayed away. And French men and women sat home by their tele-

At the same time, official spending soared because of mass littering, fighting in the streets and the constant underlying threat of terrorism.

Few figures are available yet, but the evidence is clear.

"Frankly, we expected better," said Yazid Chaboune, manager of Paris Souvenirs, on the Champs-Elysees. "It is simple to understand," he said. "The good clientele, those who come to see Paris and buy souvenirs, won't show up until later. World Cup people only eat and drink. We get nothing.

But restaurateurs and hotel keepers had their own complaints.
"Business is off, probably by more

than 10 percent for most of the better places," said Doreen Dempski, manager of the Laperouse restaurant. "We had a few big parties. But that's it." Laperouse had to cancel a major event

for Christian Dior when the haute couture fashion shows were postponed. The prets-porter show was moved to New York to avoid clashing with the World Cup. Bordeaux and Nantes reported minor

windfalls, offset by heavy municipal saw the same phenomenon as Paris.

"Football fans are a sandwich-and-pizza crowd," said Roland Frinoli, owner of Peron, Marseille's oldest resmurant. "They live at camping sites and cook their own food. Nothing to carn there." Many of his regular customers left town or stayed at home, he said.

WER THER

In burnan terms, the cost was high. A 42-year-old Frenchman died from injuries suffered when a driver plowed into the World Cup victory party on the Champs-Elysees early Sunday. At least

80 were injured. In another incident, the Paris police said Thursday that a 33-year-old British lawyer was being detained by French police after the car he was driving smashed into a group of fans, injuring 15, who were celebrating France's World Cup soccer victory later Sunday

on the Champs-Elysees. A young policeman remains near death in Lille after German neo-Nazis slammed him in the head with a metal bar during a carefully planoed bout of

Thousands of injuries, some of them serious, were reported at the 10 World

Only time will determine whether France can amortize more than a hillion dollars spent on lasting projects, such as the 80,000-seat Stade de France and stadium renovations elsewbere.

A more immediate problem is what to do with all the soccer paraphernalia that is growing rapidly obsolete.

Some merchants did well over the past six weeks. Sales of television sets and video recorders doubled. Anyone offeriog beer in bulk or canned-air horns is happy. But they are exceptions.

Rene Faucheux, whose sandwich and butcher shop caters to all levels of consumers, was as thrilled as any Frenchman to see a World Cup victory. But for the rest, he was not impressed.

'The World Cup crowd is terrible," he said. "They make a mess, lots of noise, scare away normal customers and spend little. Except for a few guys, 1 don't think anyone made money.

■ Britons Convicted for Violence

Four British soccer fans were found during the World Cup soccer game be-tween England and Tunisia on June 15. They were sentenced to jail terms ranging from 40 days to two months. Reuters reported from Marseille. A court source identified the men as Steven Powel, 25; Alan Libbiard, 28; Shane Radford, 22, and Martin Kerr. 39.

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CAN YOU SEE

ID BETTER

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GRAND HOTEL PARK GSTAAD





GARFIELD

WHY DON'T YOU LET ME PITCH? I



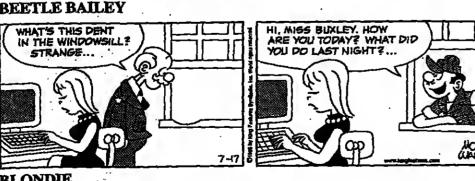
BY THE WAY, I WAS BEING SARCASTIC



















NON SEQUITUR

PERHAS A REVIEW OF

OUR CHEMIL DAY POLICY

K N OPDER...

CALVIN AND HOBBES



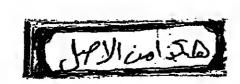












POSTCARD

Ataturk Film Assailed

By Stephen Kinzer
New York Times Service

TEW YORK - Debate over the political legacy our own chauving founder of modern Turanything else. key, has upset plans for a film about him that was to have starred Antonio Banderas.

After an intense letter-writing campaign led by Greek- on to forge a modern nation Americans, Banderas withdrew from the project. His Empire, have a long history. agent, Lisa Baum, said he Douglas Fairbanks Jr. and wanted to devote his full energy to another project, "The tors involved in such efforts at Phantom of the Opera." Producers of the Ataturk film. however, say Banderas was reacting to pressure from Greek-Americans and others who consider Ataturk unworthy of favorable portrayal.

Tarquin Olivier, 61, a son of as a bero and ignoring what Laurence Olivier. Olivier, a financier, hopes to begin a new phase of his career by producing the film, which he said

would cost \$25 million exclusive of Banderas's salary.

Eager to keep Banderas in the film because much of the financing is contingent on his participation, Olivier plans to fly to Hollywood this week to

meet with him. He has been very enthusiastic, but obviously he was very put off by these letters," Olivier said in an interview in New York. "Our contacts both Greece and Armenia. with people in the Greek community here tell us that this campaign only involves a small number of people. It's motivated hy a feeling of hatred not only toward Ataturk but toward Turkey in general. I'm very much hoping that we can make him see this, and that we don't get into a situation which undermines freedom of speech and freedom of the arts."

Notices of Banderas's intention to play Ataturk began appearing in Greek-American publications several weeks ago. One of them published a letter signed by "a member of the Greek community of N.Y." describing Ataturk as a "savage maniac" who was also "a child molester of both sexes, a mass murderer, a destroyer of Greek civilization and in general a disgrace to human civilization as we know it."

The announcements were accompanied by appeals to readers to send protest letters to Banderas and his wife, the actress Melanie Griffith. Olivier estimated that they might have received as many as 1.000 letters.

universally welcomed by Minister Mesut Yilmaz. They Greek-Americans. An editor- said they had not shown the The Greek American, a weekly newspaper published oo New York's Long Island, said it had caused many Greeks "to cringe in embar-

"All-out demonization is riot serious," the editorial

said. "The end result is to make us look like ethnic hysteries, with these groups' objections usually showing up our own chauvinism and parrow-mindedness more than

Efforts to make a film about Ataturk, an early 20th century military leader who won glory in battle and went on the ruins of the Ottoman

This time, however, the project is apparently falling victim to contemporary politics. Some Greek-Americans Armenian-Americans fear that the film will be rev-The figure behind the film is ereotial, portraying Ataturk

> Antonio Banderas quit the project, reportedly after pressure from Greek-Americans.

they consider his evil deeds. They fear that such a por-trayal might lead to a warming of popular feeling toward Turkey, a historical rival of

Ataturk was responsible for pushing Greek forces from Anatolia after World War L hut then he pursued a peaceful policy toward Greece. His friendship with the Greek prime minister of the time, Elevtherios Venizelos, became so strong that Venizelos nominated him for the Nobel Peace Prize in 1934, praising him as "a great reformer" who made "a precious contribution to the cause of peace."

The script for the planned Ataturk film is by an American writer, Timothy Prager, and is based on a 1964 biography by Lord Kinross that is generally considered less than definitive hut the best available. Bruce Beresford, whose films have included "Breaker Morant" and "Driving Miss Daisy," has agreed to direct.

Turkish government officials were wary of the idea for many years, fearing that any portrayal showing Ataturk as having human failings might undermine the veritable cult b Banderas and his wife, the cress Melanie Griffith. Turkish-born wife, Zelfa, said they had won pledges of cooperation from President The campaign has not been.

> other Turkish official. As far as is known, the letter campaign was generated entirely within the United States. There is no indication of any involvement by government or private figures in either Greece or Armenia.

Creating a Hero: Malaysia's Unlikely Icon

By Thomas Fuller

K Asia's best-known creasions are microchips and tele-UALA LUMPUR — To the outside world. Southeast vising sets, the products of factories and cramped shophouses. But some of the region's most successful manufactures are less tangihle national heroes, slowly built up in the consciousness of nations formed just 40 years agn—

glue to hold these young, multiracial nations together.

One such hero is P. Ramlee, a 1950s-era Malay-singer and film star whose popularity has slowly filtered into Malay-sia's Chinese and Indian communities by virtue of endless television reruns of his films and considerable cultivation of

his image hy the government.

Twenty-five years after his death, Malaysia is commemorating his work with festivals, exhibitions and more reruns. Ramlee's legacy remains strong partly because he was seen, posthumously, as a good candidate for a national hero in a country where, after centuries of colonialism. Malay heroes are in short supply. "Not only the public loves P. Ramlee," Nasir, the late actor's only son, said with a wry smile. "The government loves him, too."

But Ramlee is also an awkward hero, a man whose freewheeling lifestyle - he drank hard and enjoyed the company of women - clashes with the values of modernday Muslim Malay society.

In his day, Ramlee was a James Dean figure, wildly popular among Malays. "He was particularly exciting to the youth," said Khoo Kay Kim, a professor of Malaysian history at the University of Malaya. "People used to comb their hair like him, used to walk like him. They used to try to think like him.

But it was not his looks that propelled him to fame in the

When I met him he was an ugly-looking fellow, with lots of pockmarks," said L. Krishnan, who helped launch Ramlee's career in Singapore and who today runs a film production company in Kuala Lumpur.

Ramlee made up for his looks with a baritone, velvet voice that is still often heard on Malaysian radio. "He was lending his voice to other people who were better-looking or more talented," said Krishnan, who went on to direct Ramlee's first four movies, "Bakti," "Takdir," "Penghidupan" and 'Antara Senyum Dan Tangis."

On the surface, P. Ramlee - who ahhreviated, South Indian-style, his full name, Ramlee bin Nyak Putch --- was a perfect Malay hero. He was born poor on the island of Penang and grew up in a neighborhood of Indian night-soil carriers. A modest childhood soon gave way to the relative affluence of Singapore, the center of Malay film and a very different place in the late 1940s. "It was a cosmopolitan society par excellence," Khoo said.

Like Penang, Singapore was on the fringes of Malay society, heavily influenced by the British and removed from the formalities and traditions of the Malay court. Ramlee spent his free time at cabarets, gambled and even owned a



The cult hero P. Ramlee with his third wife, Saloma.

Ramlee's career followed what might be called the Elvis curve. As musical tastes shifted from the slow ballads of the 1950s, Ramlee's specialty, to the fast and hard days of rock 'n' roll, he failed to keep up. He gained weight, and lost his following. By the time of his death in 1973 he was all but forgonen. His films had flopped, and younger, more adaptable stars had taken his place in the industry. Ramlee died of a heart attack at the young age of 44, almost as poor as he fans frustrated.

streets and a concert hall were named after him and he was 'viance you're not going to have extraordinary people."

awarded posthamously the title of Tan Sri, the country's 10p honor and roughly equivalent to knighthood in Britain.

Ramlee's popularity grew within the Chinese and Indian communities and among the youth. Aziz Satar, a close friend of Ramlee's and his on-camera sidekick, remembers at tending a soccer game several years ago and being approached by a 9-year-old boy who recognized him. "Where is P. Ramlee?" the boy asked. Ramlee, of course, had been dead for two decades. (Aziz fibbed, telling the boy that

Ramlee was "at home.")

Meanwhile, Malay society evolved away from the lifestyle and values of Ramlee's heyday. Laws hanning Malays
from drinking and gamhling were enforced; caburets were
shut down. Malay women, who in Ramlee's day — and
indeed, in his movies — wore figure-hugging dresses, began in increasing numbers to don head scarves and loose-fitting baju kurung. Unmarried Malay couples who got too close in public places risked being picked up and fined by the Islamic

"Malay society has become more conformist." Khoo

What is perhaps most ironic about Malaysia's premier cultural icon is that the artistic freedom Ramlee had in making his films seems to have died with him.

Malaysian filmmakers in the 1990s complain of the frequent intrusion of the censorship board. Drinking scenes are banned, and foreign films shown in Malaysia are edited

for mudity and profamity.

"Filmmakers are not allowed to portray a corrupt policemen or minister." Rosnani Jamil, a well-known film director, told a newspaper columnist in 1994. "This doesn't speak well for the industry. We must accept the fact that there is no such thing as a perfect community. In every community, sad to say, there are always a few hlack sheep. Filmmakers

must be given the chance to portray the truth.

Artists these days complain of more than just the censorship board in Malaysia. Performers who touch on sensitive issues — sometimes unwittingly — can find them-selves in a battle with conservative Islamic forces.

Take the popular Malaysian pop band KRU. Last year the band members remixed a P. Ramlee song, Getaran Jiwa. overlaying their own voices ooto It. The song became controversial after an Islamic leader said it was forbidden for a dead man to "sing" in tandem with living musicians. Radio stations were allowed to play the song, but only after the song was cleared by the cabinet, the country's highest

executive body.

To avoid a ban in several Malaysian states, KRU changed the name of its concert tour from "KRUmania" to the KRU mega tour." (Mania was judged a dangerous word for KRU's young followers.)

Public controversies like this leave devoted P. Ramlee

"Artists must be allowed to express themselves," said But he would not remain forgotten for long. Thanks to the 'Khoo, an avid fan of Ramlee's in the 1950s, 'If there are too efforts of a handful of well-placed and nostalgic bureaucrats in many dos and don'ts imposed on them, then ohviously they Kuala Lumpur, P. Ramlee's songs were back on the airwaves; cannot flourish. And in a society that cannot tolerate de-



UPSTAGED - Eartha Kitt | Wicked Witch of the West) and her "Wizard of Oz" stage co-star Plenty (Toto) entertaining AIDS patients in San Francisco.

PEOPLE

Thursday, using the clan name by which Mandela is affectionately known. The report quoted unnamed sources as saying the Johannesburg chief magistrate, Charlton Bashe, would formalize the relationship between Mandela and third wife even if they were setting a bad example for the young. Archbishop Desmond Tutu has urged the couple, who spend two weeks together each month, to wed, saying it was the moral thing to do.

A short film made by Linda Mc- palm was planted Wednesday in a park

A SOUTH AFRICAN newspaper reA ported that President Nelson Mandela would wed his sweethear, Graca
Machel, on his 80th birthday on Saturday, but a presidential spokeswoman said she was unaware of any nuptials.
"Madiba's Wedding Bells," The Star newspaper said io a banner headline with McCartney. "It was so evocative,"

"Maches, on his sour brinking to the film has been a song she wrote and miss him," said Boh Kunst, a comparation of the film with McCartney. "It was so evocative," with McCartney, "It was so evocative." Grillo said. "Beautiful images." Linda

The whole of the works of Johann
McCartney, wife of Sir Paul McCartSebastian Bach are to be made available

The Polish actor and director Jerzy Stuhr will make a movie from a preow of the founding president, Samora viously unknown screeoplay by the Machel. The South African president has publicly declared his willingness to tie the died in 1006 to Bir Millingness to tie the publicly declared his willingness to tie the died in 1996. "A Big Animal" tells the knot but Machel, 52, said this year that story of a nonconformist 50-year-old she had no plans to become Mandela's living in a small Polish town in the 1970s. Stuhr will also star in the film.

Gianni Versace's memory lives on in

on 160 compact disks for the first time before the 250th anniversary of the com-poser's death on July 28, 2000. The conductor Helmuth Relling is in charge

To ensure that the sultry dance enjoys a the United States, Diego Guelar, is founding the U.S. Tango Academy - to be headed by the actor and tango fanatic Robert Duvall. Duvall's third wife, Shar-Miami Beach, where he was honored a on, was a tango instructor. His current year after his death at the hands of a companion, Lucianna Pedrazza, who is suspected spree killer. A single coconut Argentine, took up the dance 18 month?



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